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Remarks in New York City Before the 50th Anniversary Convention of the Amalgamated Clothing Workers—May 9, 1964

There is a third program where you and I must stand together today. We must unite in passing a bill in Congress to help our older citizens secure decent medical aid under social security. Inadequate hospital care is an indecent penalty to place on old age.

In the hills of eastern Kentucky, one of the 13 States that I visited in a program to meet the people and to know the country and to do something about the problems—in that program I sat next to a father that had 11 children, that had worked 4 days last month, that had made $4 a day and had had to feed those little hungry mouths largely from surplus commodities. And he told me because he believed in the admonition of “Love thy neighbor as thyself,” that he had been over and sat up with an 85–year–old man until 4 o’clock the night before the President visited him. Why? Because there was no hospital for him to go to and there were no resources to pay the hospital bill.

Situations like that must end in America.

All we are asking for is a program under social security, which will let the worker put in about $1 a month from his average lifetime earnings. The average manufacturing earnings in this country are now $100 a week. We ask $1 per month when he enters the labor market from the employee and $1 per month from his employer and the Government does not put in a single cent. But under this plan all

Americans, not just the rich and affluent Americans, all Americans can face the autumn of life with dignity and security. Twenty-four dollars a year, if you enter the labor market at 20 and stay until you are 65–45 years at $24 makes a little over $1,100, multiplied by the formula 3.75 and you have almost $4,000 when you are 65 in your account to take care of your hospital needs.

What little you may have saved during that time can go to pay the doctor of your choice. He is not interfered with in any way. He is really served by having a fund to pay your hospital bill because, as it is now, he has to wait until the hospital is paid for and the nurse is paid for and the medicine is paid for. If there is anything else, he gets it, so why in the name of goodness are they fighting this bill, I don't know.

But remember, the same ghostwriter that wrote the phrase about Roosevelt's social security bill in 1936 and called it a "cruel hoax," for Alf Landon, is now writing a phrase about my poverty bill and calling it a "cruel hoax." The same old words—written, I think, by the same old man, for the same old purpose, to try to preserve the status quo. Well, who doesn't want better than the status quo?

These older citizens deserve a more decent chance to stay well or to get well, and this administration, with your support, intends to see that they get that chance.

Remarks to the Press Following a Meeting with Congressional Leaders to Discuss Medical Care Legislation—March 26, 1965

Ladies and Gentlemen:

I have been meeting with the leaders of the House and Senate to discuss legislation, which the Ways and Means Committee of the House has recommended for comprehensive medical care for America's senior citizens.

Under this plan that the committee is recommending, every American over 65 years of age will guarantee himself comprehensive hospital and medical protection for the rest of his life.

Now, here is how the plan will work. During his working years, the worker pays about $2.50 a month. This, plus a similar amount from his employer, will provide the funds to pay up to 60 days hospitalization for each illness. It also provides adequate nursing home care.

For $3 per month after he is 65, he also receives full coverage of medical, surgical, and other fees whether he is in or out of the hospital.

Those needy citizens of all ages who are unable to make these payments will be provided the same hospital and medical coverage by meeting a liberal means test.

I am very proud of the work done by the Ways and Means Committee under the leadership of Chairman Wilbur Mills of Arkansas, who is here this morning. This committee has recommended a program that will help all of our people face the future with hope and with courage, and they have done so with a program that respects the basic traditional relationship between a doctor and his patients. And I am so hopeful that we will finally be successful in this Congress in providing comprehensive hospital and medical insurance for our senior citizens.

I want to ask Chairman Mills now to make a brief statement concerning this program that his committee has worked out.

MR MILLS: Mr. President, I think the Ways and Means Committee has, after several years of study, brought forth a bill that will resolve the problems of those people who are over 65 years of age and in bad

health. I think the committee has done this in a way that will not only resolve the problem but will make a contribution to improved possibilities of medical care in all areas and without any socialization of any profession involved.

As you have described the bill, it does provide for a payroll tax of approximately $2.50 a month for each employer and employee. For this, the people of America at age 65 will receive hospitalization of at least 60 days per illness, plus skilled nursing home care. Then after age 65, for a payment of $3 a month they will receive full medical, surgical, hospital, and skilled nursing home care.

For the needy and indigent of all ages, there is provided hospital and medical care under an improved Kerr-Mills Federal-State program.

Finally, the bill provides for a 7 percent across-the-board increase in social security cash payments with a minimum of not less than $4.

Thank you.

THE PRESIDENT: Congressman Boggs is on the Ways and Means Committee. Do you have anything you want to say?

MR BOGGS: Mr. President, just one word to say I believe the enactment of this bill will do more to reassure our old people than anything that has happened in my lifetime; not only the older people but the young people who are worried about them.

I might also say that Chairman Mills has done a masterful job in combining the recommendations of the American Medical Association, the administration, and the Republican minority on the committee.

THE PRESIDENT: Congressman Cecil King is a pioneer in this field and co-author of the King-Anderson bill—Congressman King from California. Would you give us your view of the bill, Congressman King?

MR. KING: Mr. President, I just think that it is a proposal that through the past several years I would have never felt would come to accomplishment.

THE PRESIDENT: Speaker McCormack plans to schedule this measure and ask the Rules Committee to hold hearings as early as possible to get it on the floor as early as possible. Mr. Speaker, do you have something to say?

THE SPEAKER: I'm very fond of this bill. It is a very comprehensive bill, consistent with individual initiative. I am going to confer with Chairman Smith of the Rules Committee today, who has been very cooperative with me, and the bill will be brought up in the very near future.

THE PRESIDENT: Congressman Albert, the majority leader, has been very interested in this field. Congressman, do you have something to say?

MR. ALBERT: Only, Mr. President, that as soon as the Rules Committee gives a resolution making it an order and as soon as Chairman Mills asks for it to be programmed, it will be programmed on the floor of the House of Representatives.

THE PRESIDENT: Senator Anderson has been a leader in this fight for comprehensive medical care for our senior citizens and hospital care for many years. Senator Anderson, I know you haven't had hearings in the Senate on this particular proposal, but you have been following it closely and we discussed it at some length this morning. Would you care to say to the American people, through the press and television media, your views and hopes in this field?

SENATOR ANDERSON: Mr. President, those of us who have been working in this field for a long time are delighted with the action of the Ways and Means Committee. I think Chairman Mills and his committee has done an excellent job of trying to put together a comprehensive program. I expect the Senate to vote it favorably when it gets the chance. We are just happy that the House has done what it has done, and we think it is a great moment for the people.

THE PRESIDENT: Senator Smathers is a member of the Finance Committee and the Senate leadership and very interested in helping senior citizens. Do you have any observations, Senator Smathers?

SENATOR SMATHERS: I'm delighted with the bill. I think it is a very good solution to a long agonizing problem. It is fiscally sound, it will meet the needs, it doesn't socialize anybody. Most of all, it will be overwhelmingly supported, in my judgment, in the Senate.

THE PRESIDENT: Senator Mansfield, majority leader, has been very active in this field and we have had numerous meetings about this legislation this year. Senator Mansfield, would you care to give your outline of procedure on the measure?

SENATOR MANSFIELD: Mr. President, I think the House has arrived at a very excellent solution to a problem, which is affecting more and more of our population. I think it offers a ray of hope to our elder citizens for the first time on a constructive basis. I have been in constant contact—the leadership has—with Senator Anderson and Senator Byrd, the chairman of the Finance Committee, and Senator Byrd has assured me that, as always, he will be most cooperative in holding hearings and seeing that this matter is given expeditious and thorough consideration.

THE PRESIDENT: Senator Byrd, I'm sure you won't be able to get as expeditious action on this bill has you did on the Secretary of the Treasury, and I want to commend you for the fine job your committee in the Senate did. I know that you will take an interest in the orderly scheduling of this matter and giving it thorough hearing. Would you care to make an observation?

SENATOR HARRY F. BYRD: There is no observation I can make now because the bill hasn't come before the Senate. Naturally, I'm not familiar with it. All I can say is, following what Senator Mansfield said, that I will see that adequate and thorough hearings are held on the bill.

THE PRESIDENT: And you have nothing that you know of that would prevent that coming about in reasonable time—there is nothing ahead of it in the committee?

SENATOR BYRD: Nothing in the committee now.

THE PRESIDENT: So when the House acts and it is referred to the Senate Finance Committee, you will arrange for prompt hearings and thorough hearings?

SENATOR BYRD: Yes.

THE PRESIDENT: Thank you very much, gentlemen. We want to appeal to all the American people for their support and their interest in this legislation. We hope that we can get it passed in the House at an early date and that it will be here at the White House in some form for some action in the next few weeks.

The Vice President has been very active in this field and has conferred with the leadership in both Houses, and I would like to ask him to

close the meeting now with a brief summary and give his opinion of the legislation.

THE VICE PRESIDENT: Mr. President, I'm sure the country will be very gratified over this wise and prudent action of the House Ways and Means Committee, and of this succinct and concise explanation of this very important piece of legislation. As Chairman Mills indicated earlier, this is not only the judgment of the committee but it represents the thinking and suggestions of many people throughout American life. I am convinced that this is a very singularly important step in the achievement of a much better America—as you put it, Mr. President, the Great Society. And I have a feeling that we are going to pass this quickly in the Congress, that is, expeditiously, because of its need.

THE PRESIDENT: I just want to say in closing that the American people have placed upon the men at this table the responsibility for providing leadership in government in many fields, and I believe these responsible men will be responsive to the needs of the country.

Thank you very much.

THE PRESIDENT'S NEWS CONFERENCE OF APRIL 8, 1965

STATEMENT BY THE PRESIDENT FOLLOWING HOUSE APPROVAL OF THE MEDICARE BILL

Q: Mr. President, on another subject, what do you think of the House passing the medic bill?

THE PRESIDENT: I just happen to have it here.

[Reading:] "This is a landmark day in the historic evolution of our Social Security System. The overwhelming vote of support in the House of Representatives for the Social Security Amendments of 1965 demonstrates once again the vitality of our democratic system in responding to the needs and will of the people.

"In 1935 the passage of the original Social Security Act opened up a new era of expanding income security for our older citizens. Now, in 1965, we are moving once again to open still another frontier: that of health security. For an older person good health is his most precious asset. Access to the best our doctors, hospitals, and other providers of health service have to offer is his most urgent need.

"Today the whole country has reason to be grateful to the Members and leadership of the House for responding positively to the carefully devised proposal of the House Ways and Means Committee to deal in a practical way with a historic idea 'whose time has come.'

"As Senator Harry Byrd has already indicated he will have hearings in the Senate Finance Committee. I believe that speedy Senate action may convert this monumental bill to the final reality of an enacted law."

STATEMENT BY THE PRESIDENT FOLLOWING PASSAGE OF THE MEDICARE BILL BY THE SENATE—JULY 9, 1965

The 22–year fight to protect the health of older Americans is now certain of swift and historic victory.

For these long decades bill after bill has been introduced to help older citizens meet the often crushing and always rising costs of disease and crippling illness. Each time, until today, the battle has been lost. Each time the forces of compassion and justice have returned from defeat to begin the battle anew. And each time the force of increased public understanding has added to our strength.

This bill is a great achievement for this Congress. But it flows from the long–enduring, and often thankless, efforts of earlier Presidents and earlier Congressmen. This is their victory, too. It is the victory of Harry Truman and of great Congressmen like Aime Forand and James Murray and Robert Wagner and John Dingell. And it is also the victory of another who does not share this day.

I stood beside John Kennedy in the Senate in 1960 as he battled for the cause of justice, and watched in later years as his courage and his refusal to accept defeat gradually helped shape the forces, which led us to this day. This bill is another stone in the enduring monument of his greatness.

When the conference has completed its work, a great burden will be lifted from the shoulders of all Americans. Older citizens will no longer have to fear that illness will wipe out their savings, eat up their income, and destroy lifelong hope of dignity and independence. For every family with older members it will mean relief from the often–crushing responsibilities of care. For the Nation it will bring the necessary satisfaction of having fulfilled the obligations of justice to those who have given a lifetime of service and labor to their country.

This bill is sweeping in its intent and impact. It will help pay for care in hospitals. If hospitalization is unnecessary, it will help pay for care in nursing homes or in the home. And wherever illness is treated—in home or hospital—it will also help meet the fees of doctors and the costs of drugs. Its benefits are as varied as the techniques of modern treatment themselves.

This is a great day for older Americans. And it is a great day for America. For we have proved, once again, that the vitality of our

democracy can shape the oldest of our values to the needs and obligations of today.

President Lyndon B. Johnson's Remarks With President Truman at the Signing in Independence of the Medicare Bill July 30, 1965

PRESIDENT TRUMAN. Thank you very much. I am glad you like the President. I like him too. He is one of the finest men I ever ran across.

Mr. President, Mrs. Johnson, distinguished guests:

You have done me a great honor in coming here today, and you have made me a very, very happy man.

This is an important hour for the Nation, for those of our citizens who have completed their tour of duty and have moved to the sidelines. These are the days that we are trying to celebrate for them. These people are our prideful responsibility and they are entitled, among other benefits, to the best medical protection available.

Not one of these, our citizens, should ever be abandoned to the indignity of charity. Charity is indignity when you have to have it. But we don't want these people to have anything to do with charity and we don't want them to have any idea of hopeless despair.

Mr. President, I am glad to have lived this long and to witness today the signing of the Medicare bill which puts this Nation right where it needs to be, to be right. Your inspired leadership and a responsive forward—and looking Congress have made it historically possible for this day to come about.

Thank all of you most highly for coming here. It is an honor I haven't had for, well, quite awhile, I'll say that to you, but here it is:

Ladies and gentlemen, the President of the United States.

THE PRESIDENT. President and Mrs. Truman, Secretary Celebrezze, Senator Mansfield, Senator Symington, Senator Long, Governor Hearnes, Senator Anderson and Congressman King of the Anderson–King team, Congressman Mills and Senator Long of the Mills–Long team, our beloved Vice President who worked in the vineyard many years to see this day come to pass, and all of my dear friends in the Congress—both Democrats and Republicans:

The people of the United States love and voted for Harry Truman, not because he gave them hell—but because he gave them hope.

I believe today that all America shares my joy that he is present now when the hope that he offered becomes a reality for millions of our fellow citizens.

I am so proud that this has come to pass in the Johnson administration. But it was really Harry Truman of Missouri who planted the seeds of compassion and duty, which have today flowered into care for the sick, and serenity for the fearful.

Many men can make many proposals. Many men can draft many laws. But few have the piercing and humane eye, which can see beyond the words to the people that they touch. Few can see past the speeches and the political battles to the doctor over there that is tending the infirm, and to the hospital that is receiving those in anguish, or feel in their heart painful wrath at the injustice which denies the miracle of healing to the old and to the poor. And fewer still have the courage to stake reputation, and position, and the effort of a lifetime upon such a cause when there are so few that share it.

But it is just such men who illuminate the life and the history of a nation. And so, President Harry Truman, it is in tribute not to you, but to the America that you represent, that we have come here to pay our love and our respects to you today. For a country can be known by the quality of the men it honors. By praising you, and by carrying forward your dreams, we really reaffirm the greatness of America.

It was a generation ago that Harry Truman said, and I quote him: "Millions of our citizens do not now have a full measure of opportunity to achieve and to enjoy good health. Millions do not now have protection or security against the economic effects of sickness. And the time has now arrived for action to help them attain that opportunity and to help them get that protection."

Well, today, Mr. President, and my fellow Americans, we are taking such action—20 years later. And we are doing that under the great leadership of men like John McCormack, our Speaker; Carl Albert, our majority leader; our very able and beloved majority leader of the Senate, Mike Mansfield; and distinguished Members of the Ways and Means and Finance Committees of the House and Senate—of both parties, Democratic and Republican.

Because the need for this action is plain; and it is so clear indeed that we marvel not simply at the passage of this bill, but what we marvel at is that it took so many years to pass it. And I am so glad that Aime

Forand is here to see it finally passed and signed—one of the first authors.

There are more than 18 million Americans over the age of 65. Most of them have low incomes. Most of them are threatened by illness and medical expenses that they cannot afford.

And through this new law, Mr. President, every citizen will be able, in his productive years when he is earning, to insure himself against the ravages of illness in his old age.

This insurance will help pay for care in hospitals, in skilled nursing homes, or in the home. And under a separate plan it will help meet the fees of the doctors.

Now here is how the plan will affect you.

During your working years, the people of America—you—will contribute through the social security program a small amount each payday for hospital insurance protection. For example, the average worker in 1966 will contribute about $1.50 per month. The employer will contribute a similar amount. And this will provide the funds to pay up to 90 days of hospital care for each illness, plus diagnostic care, and up to 100 home health visits after you are 65. And beginning in 1967, you will also be covered for up to 100 days of care in a skilled nursing home after a period of hospital care.

And under a separate plan, when you are 65—that the Congress originated itself, in its own good judgment—you may be covered for medical and surgical fees whether you are in or out of the hospital. You will pay $3 per month after you are 65 and your Government will contribute an equal amount.

The benefits under the law are as varied and broad as the marvelous modern medicine itself. If it has a few defects—such as the method of payment of certain specialists—then I am confident those can be quickly remedied and I hope they will be.

No longer will older Americans be denied the healing miracle of modern medicine. No longer will illness crush and destroy the savings that they have so carefully put away over a lifetime so that they might enjoy dignity in their later years. No longer will young families see their own incomes, and their own hopes, eaten away simply because

they are carrying out their deep moral obligations to their parents, and to their uncles, and their aunts.

And no longer will this Nation refuse the hand of justice to those who have given a lifetime of service and wisdom and labor to the progress of this progressive country.

And this bill, Mr. President, is even broader than that. It will increase social security benefits for all of our older Americans. It will improve a wide range of health and medical services for Americans of all ages.

In 1935 when the man that both of us loved so much, Franklin Delano Roosevelt, signed the Social Security Act, he said it was, and I quote him, "a cornerstone in a structure which is being built but it is by no means complete."

Well, perhaps no single act in the entire administration of the beloved Franklin D. Roosevelt really did more to win him the illustrious place in history that he has, as did the laying of that cornerstone. And I am so happy that his oldest son Jimmy could be here to share with us the joy that is ours today. And those who share this day will also be remembered for making the most important addition to that structure, and you are making it in this bill, the most important addition that has been made in three decades.

History shapes men, but it is a necessary faith of leadership that men can help shape history. There are many who led us to this historic day. Not out of courtesy or deference, but from the gratitude and remembrance which is our country's debt, if I may be pardoned for taking a moment, I want to call a part of the honor roll: it is the able leadership in both Houses of the Congress.

Congressman Celler, Chairman of the Judiciary Committee, introduced the hospital insurance in 1952. Aime Forand from Rhode Island, then Congressman, introduced it in the House. Senator Clinton Anderson from New Mexico fought for Medicare through the years in the Senate. Congressman Cecil King of California carried on the battle in the House. The legislative genius of the Chairman of the Ways and Means Committee, Congressman Wilbur Mills, and the effective and able work of Senator Russell Long, together transformed this desire into victory.

And those devoted public servants, former Secretary, Senator Ribicoff; present Secretary, Tony Celebrezze; Under Secretary Wilbur Cohen; the Democratic whip of the House, Hale Boggs on the Ways and Means

Committee; and really the White House's best legislator, Larry O'Brien, gave not just endless days and months and, yes, years of patience—but they gave their hearts—to passing this bill.

Let us also remember those who sadly cannot share this time for triumph. For it is their triumph too. It is the victory of great Members of Congress that are not with us, like John Dingell, Sr., and Robert Wagner, late a Member of the Senate, and James Murray of Montana.

And there is also John Fitzgerald Kennedy, who fought in the Senate and took his case to the people, and never yielded in pursuit, but was not spared to see the final concourse of the forces that he had helped to loose.

But it all started really with the man from Independence. And so, as it is fitting that we should, we have come back here to his home to complete what he began.

President Harry Truman, as any President must, made many decisions of great moment; although he always made them frankly and with a courage and a clarity that few men have ever shared. The immense and the intricate questions of freedom and survival were caught up many times in the web of Harry Truman's judgment. And this is in the tradition of leadership.

But there is another tradition that we share today. It calls upon us never to be indifferent toward despair. It commands us never to turn away from helplessness. It directs us never to ignore or to spurn those who suffer untended in a land that is bursting with abundance.

I said to Senator Smathers, the whip of the Democrats in the Senate, who worked with us in the Finance Committee on this legislation—I said, the highest traditions of the medical profession are really directed to the ends that we are trying to serve. And it was only yesterday, at the request of some of my friends, I met with the leaders of the American Medical Association to seek their assistance in advancing the cause of one of the greatest professions of all—the medical profession—in helping us to maintain and to improve the health of all Americans.

And this is not just our tradition—or the tradition of the Democratic Party—or even the tradition of the Nation. It is as old as the day it was first commanded: "Thou shalt open thine hand wide unto thy brother, to thy poor, to thy needy, in thy land."

And just think, Mr. President, because of this document—and the long years of struggle which so many have put into creating it—in this town, and a thousand other towns like it, there are men and women in pain who will now find ease. There are those, alone in suffering who will now hear the sound of some approaching footsteps coming to help. There are those fearing the terrible darkness of despairing poverty—despite their long years of labor and expectation—who will now look up to see the light of hope and realization.

There just can be no satisfaction, nor any act of leadership, that gives greater satisfaction than this.

And perhaps you alone, President Truman, perhaps you alone can fully know just how grateful I am for this day.

REMARKS IN SAN ANTONIO AT THE SIGNING OF THE MEDICARE EXTENSION BILL—APRIL 8, 1966

…. So we come here now to sign this bill today, and I come with both a pledge and a plea. My plea is to 1 1/3 million Americans that are over 65 years of age and that are not yet covered by Medicare. The pledge is to those citizens who missed the March 31st deadline, just past, and did not enroll in Medicare, and now, under this legislation, they will have until May 31st to sign up because of what Senator Yarborough, and Members of the House and Senate did in passing this bill we will sign this morning.

I want to ask each of you to make it your personal job not to come to me or to Henry a few years from now and say they just forgot to sign up, or they didn't hear about it, but for you to go out and get them to sign up now while they have the time and while they can qualify.

The plea is that these citizens contact their local Social Security offices and consider signing up for the valuable protection that the Medicare law will give them.

So I plead with every American to go and talk to your neighbors, because there are 1,300,000 of them who should get their rights under the law now. And in order to do that, they must sign up. So each good American should accept this personal challenge to ask every person they know over 65, "Have you registered? If not, register at once."

There was a wise old Frenchman one day who said that growing older is no more than a bad habit which a busy man has no time to form. So this morning I urge every American to exercise his right and to acquire this protection.

My friends here in this beautiful Victoria Plaza, you are a model for the rest of the citizens of this Nation. I think that those guests this morning should know that every single man and woman who lives here is already registered for Medicare.

Since I signed the Medicare and Social Security Amendments last July in Independence, Missouri, in the presence of that great Democratic President, and his wife, Harry S. Truman—you will remember that President Truman was the first President who actively urged this particular program—since that time, almost 17 million Americans,

almost 9 out of every 10 of our older citizens, have already enrolled for medical insurance coverage.

Getting 17 million to do something from July to now is a man-sized job, itself. But we still have 1,300,000 to go. And I am not going to let you forget it until we get every one of them signed up.

Our work is not going to be completed until we are sure that everyone who can use the protection of this program has joined it. Every older American must have the opportunity to live out his life in security without the fear that serious illness will be accompanied by a financial ruin.

That is what Medicare is all about. What to do? How to live? Who will pay the doctor? Who will pay the hospital? Who will pay for the medicine? Who will pay the rent? Well, these are questions that older Americans that I have know all of my life have dreaded to answer. Now Medicare is changing a lot of that.

There is hope because we respect the dignity of the individual. I thought that some of our sophisticated folks might say this morning that Henry was introducing too many people. That is why I told him to take all the time he wanted. But that just shows how he feels about human beings. He didn't want one single person to be neglected. He wanted to recognize the dignity of every person here, because they might be pretty unimportant to a stranger but they are not unimportant to Henry or to me. They lead our people and they provide for them.

So I think that we must have hope and we must recognize that there is in the place of charity now dignity, and where the children, the kinfolks, and the public agencies were the sole reliance just a few months ago, you now can have self-respect and realize that the machinery of government and the methods that we have evolved, the contributions of the individuals and the Government altogether—you can now have self—respect and still provide for your medical bills and your medicine, your nursing care, and things of that kind.

We have taken the bitters years that I talked about in the early thirties and I think we have made them better years. In the doing, we have reclaimed, I think, a lot of lost pride and we have given a lot of new meaning to tomorrow.

As I sign this bill today, I am determined to do more. I don't think that we must ever be satisfied in this growing, adventuresome country of America with the status quo. We must be determined to do more, because there is always going to be more that needs to be done.

Since I became President a little over 2 years ago, I have already signed and approved laws increasing social security benefits by more than $1 ½ billion—increases of more than $1 ½ billion, an increase of in the neighborhood of 7 percent. Yet too many of our older citizens are still trying to get along on income that is too small now to meet their needs, even though we have increased it 7 percent in 2 years.

So social security benefits, which are the main source of their income, still need to be increased, and they will be increased in the years ahead. Only by recognizing the facts of life can we really make it better for people that are over 65.

Social security protection must be improved for our disabled workers and for their families. Several weeks ago I asked the Secretary of Health, Education, and Welfare, Mr. John W. Gardner, to complete his study as soon as possible on improving the benefits and the financial structure of the social security program.

I asked Secretary Gardner to develop sound and workable plans for these changes at as early a date as possible. Because—I will let you in on a secret—I intend to make these recommendations to the next session of Congress, and I expect you folks to make Henry back up there to help me get them passed.

Now I can't tell you about all the recommendations because we are now studying them. I want you to study them and let us hear from you. But this is what I would like to do: I would like to increase insurance benefits across the board for 21 million beneficiaries—the aged, the disabled, the widows, and the orphans, including an increase in the monthly minimum, the monthly maximum, and the total family benefits. That is what I would like to do.

We don't have a dictatorship, so no man can mash a button and get it done, but that is what I would like to do, what I hope to do, what I want to do, and with your help and with God's help, that is what we will do.

I would like to improve insurance protection for the widows and orphans. I would like to keep our social security and public welfare programs up to date in relation to increased earnings.

I would like for our individuals now on welfare rolls to be provided additional incentives for them to find work.

And Medicare need not just be for people over 65. That is where we started.

Archbishop, you know, I have been wondering for some time now why we shouldn't bring our compassion and our concern to bear not just on people over 65 but upon our young children under 6.

The President of an African country told me the other day—I had lunch with a bunch of their Ambassadors yesterday and we discussed it again—in their country that one out of three babies born died with measles, and the United States of America had come in with one of our most modern 20th century machines and had vaccinated 750,000 little children.

The President of this African country said to me, "We men may not always like some of the things you in America do, but our women would never let us criticize them because since you vaccinated those 750,000 children we have not lost one from measles."

The satisfaction that I get from believing that we in America saved the lives of 250,000 little children is a satisfaction that never comes from a paycheck or a greenback.

And I want to let you in on another secret: That is one of the reasons I asked John Gardner, because of my concerns for these young folks—the Secretary of Health, Education, and Welfare—to create new plans for a new program that you haven't ever had before, to assist in financing dental services for children.

Luci spent all the way down here this morning fussing at me because I didn't say eye services for children. Because Luci was almost ready to get married before she found out she couldn't read very well, that she had something wrong with her eyes since she was a child. When she corrected it, and found it out, why, it was reflected the next month in her grades, and I think in her looks. She not only couldn't see how to read well, but she couldn't see how to look well.

So we are going to have these new plans and we are going to have these new programs. And we are going to someday point out that we started them right here at this scene this morning. We are never going to stop trying to find new ways to make Medicare sensitive to what our people need, and make it sensitive to what we ought to do to life the quality of life in this land and in this world.

I have 3 minutes to get to church and I want to conclude by saying this, because this is one of the things that the church does, and does so well: I am not interested in building skyscrapers or moving mountains or pouring concrete. Those are all–necessary in the modern world of communication and industrialization, and so forth. But since I have become President we have increased our expenditure for educating the mind from a little less than $5 billion to over $10 billion in 2 ½ years. We have more than doubled it.

We have increased our expenditures on health from a little under $5 billion—we were spending $1 billion when President Kennedy came into office—to a little over $10 billion this year. This is part of it here—more than double. So $10 billion extra this year goes into the mind and the body. Considering our loans, our grants, our aid, and our Public Law 480, and other things, we are spending additional billions on food.

So when everything else is gone and forgotten, I hope the people will remember that in this year of our Lord 1966, on Good Friday, we met here as neighbors and friends, and we concerned ourselves about human beings, and we dedicated whatever time is left for us, we dedicated our efforts and our talents to freeing the ignorant from the chains of ignorance and illiteracy, and teaching them to read and write, and to learn.

Whatever time is allotted us, we have tried to remove disease from the skins and the bodies of our people, and we have tried to find food to give them nourishment and to give them strength.

And if I am ever to be remembered by any of you here, I want to be remembered as one who spent his whole life trying to get people more to eat and more to wear, to live longer, to have medicine and attention, nursing, hospital and doctors' care when they need it, and to have their children have a chance to go to school and carry out really what the Declaration of Independence says, "All men are created equal."

But they are not equal if they don't have a chance to read and write, and they don't have a chance for a doctor to take care of their teeth of their eyes when they are little and their parents don't know about it.

So that is the purpose of our being here this morning. Sometime we are going to come back here and take stock, as the country merchant says, and see what progress we have made. There has been a revolution in this country and in this world in the last few years. I hope that the years of 1964, 1965, 1966, 1967, and 1968 will show that we moved ahead, that we made progress, that we weren't just concerned with what was in our platform, but we were concerned with what we did about it; that we just weren't concerned with style and appearance, we were concerned with achievement; that we weren't just concerned with talking about medical care for 20 years, we wanted to sign it and to put it into effect; that we weren't interested in talking about people that didn't have homes and didn't have roofs over their heads, and all these eloquent phrases that get you elected to office, but what we are concerned about is what did you do about it after you were elected.

Well, here is what we did about it, just one little place; here is what we are doing about it, just another little place.

We are going to continue to do it every day as long as we have the authority and this mission.

Thank you very much.

LETTER TO SECRETARY GARDNER REQUESTING A PROGRESS REPORT ON PREPARATIONS FOR LAUNCHING MEDICARE—APRIL 8, 1966

[Released April 8, 1966. Dated April 7, 1966]

Dear Mr. Secretary:

I expect shortly to sign the bill to extend until May 31 the deadline for initial enrollment of persons 65 years and over in Medicare's supplementary health insurance program. According to your report, more than 16.8 million people or about 88 percent of the estimated 19 million eligible have already signed up. I want you to spare no effort to raise that percentage as high as possible. I realize the magnitude of the task, but we should not be satisfied so long as anyone who is qualified for this program fails to enroll because he did not learn in time.

The launching of Medicare is a historic undertaking. Under your leadership the Department of Health, Education, and Welfare has been making a great effort to insure a successful launch. I want to be sure that we leave nothing undone to prepare the Federal Government, the States, the provides of hospitals and health services, and the American people for the massive job ahead. Will you, therefore, provide me with a progress report on tooling up for Medicare and on what remains to be done between now and July 1rst. I would like your report, particularly to cover the following:

1. Are persons covered by Medicare fully informed of their benefits?

2. Are hospitals, nursing homes, and other institutions in compliance with necessary conditions of participation? What assistance are we giving to be sure that they meet requisite quality standards?

3. Are all the administrative agents, e.g., Blue Cross, Blue Shield, and private insurance companies fully prepared to carry out their appropriate functions?

4. Have the various professional organizations been fully consulted and are their views reflected in implementing regulations?

5. Have cooperative arrangements with the states been worked out to cover their functions? What progress have they made?

6. Have methods of reimbursement been established for hospitals, nursing homes, and physicians that are equitable and efficient?

7. What is the status of hospital committees to ensure effective use of beds?

8. What alternative arrangements are being developed to provide facilities, services, and personnel to meet the increased demand for medical care?

9. Are the Social Security Administration, the Public Health Service, the Welfare Administration, and all other elements of your Department administratively staffed with people trained and in position to handle public inquiries and the administrative tasks ahead?

I am concerned not only that we be ready to launch Medicare on July 1. We must take steps to provide the quality and quantity of medical care of which this nation is capable. This requires better health facilities, more doctors and other health personnel, and better utilization of health personnel. It is imperative that we secure the new legislation, which I have requested of the Congress—to modernize our hospitals and nursing homes, to train new types of health personnel, and to develop a partnership in health with the states and communities. I hope you will keep me advised of the progress of this legislation.

I am convinced that we must reexamine on a broad scale our nation's use of health manpower. I shall shortly appoint a National Advisory Commission on Health Manpower. It will consider ways in which the health care provided to all our citizens can be improved by more effective use of doctors and supporting health personnel.

Sincerely,

Lyndon B. Johnson

REMARKS AT A MEETING WITH MEDICAL AND HOSPITAL LEADERS TO PREPARE FOR THE LAUNCHING OF MEDICARE—JUNE 15, 1966

Mr. Vice President, Secretary Gardner, my good friend Senator Anderson, ladies and gentlemen:

Not many weeks ago Secretary Gardner briefed me and subsequently I asked him to bring to the Cabinet meeting a briefing on what preparations we had made in connection with the very significant event in the lives of all of us—namely, the launching of a new program called Medicare in this country.

I was so deeply impressed with that briefing that I decided to call together at the White House America's most respected and most responsible health and hospital leaders to continue the discussion we began that day. Now, all of you may not be respected and all of you may not be responsible—we will have to see, after you have left town?—but that was our judgment. And we do not claim that all of the respected and responsible are here either, but we do feel that you are a very good cross section and rather representative. That is why you have been asked to come here.

We have started the countdown for medical care in this country. In 15 days from now, we will begin the greatest contribution to the well being of older citizens since social security was launched 30 years ago. We so much want this program to be a success.

I believe that every good American wants it to be a success. I believe that each of you share that hope.

So I want to welcome you to this meeting that we have called, for what I believe to be a very noble purpose, and that noble purpose is to improve the life of our people.

A little later in I will elaborate on some of my thinking in the last few weeks about calling together the Director of the National Institutes of Health and the directors of the nine individual institutes, as well as the Surgeon General, and asking them to commune with the leaders in respective fields in this country, so that in the days ahead we can put as much effort into prolonging the prime of man's life as we are in extending our knowledge of outer space. They both have good purposes. I am not sure they have equal effort and equal funds.

Now never before, except in mobilizing for war, I think, has any government made such extensive preparations for any undertaking as we have made in connection with medical care.

I have one stenographer just assigned to me to write letters to Gardner and ask him if he has thought of this or that. Because I know that out of 200 million people in this country there are still left a few "I told you so's"—even in my own party.

And these people take particular delight in saying, "Why didn't they do so-and-so?" And these cynics say, "If they had only done so-and-so," and "Why couldn't they have anticipated this?" The fellow that does not have the responsibility always has the suggestions as to how it could have been done better.

So we are trying to anticipate those things and trying to plan for them—trying to get everyone cooperating and working together, to see if we can't do as efficient a job as a voluntary society and a democratic society can do.

In the past year, through a massive program, we have tried to reach virtually every American over 65 years of age with the news about medical care. Now we may not have reached every one of them—we have tried to, I said. But more than 90 percent of them—between 17 and 18 million—have signed up for elective medical benefits.

Now, to do this we have sent thousands of workers out in the country, into the field, to consult and exchange views with hospital authorities. We have held more than 2,000 meetings with members of the health profession—to say nothing about the hours that we spent testifying before Senator Anderson and Congressman King and the other committees.

We have opened around-the-clock medical care information posts to handle questions about this new venture. We have earnestly, genuinely, sought the advice and the cooperation of the people who could be constructive and who could be helpful—the American Medical Association, the American Hospital Association, and the various high professional groups in this country.

And this morning I want to publicly pay them tribute for their response and for their patriotism and for their public spirit.

Now in these last 15 days we are coming around the bend and we do not want to let up. We are going to try to be in contact with every hospital. We will be available to every doctor and to every hospital officer in this Nation to deal with any problem that may arise.

I have asked that the Governors be specially briefed. I have asked that the Congressmen and the States be specially briefed. I have asked that we sent field people to the areas where they need further information and where there is still work to do. And that is being done this week.

But the work on today's agenda is for you to decide. What we asked you to come here for is to help us by giving us advice on how we can best help you to prepare, at the community level, for as smooth and as successful an operation as can be had in this kind of a venture.

Then it will be your job to get action—action at the community level—to solve the problems, which could hamper this program.

Now we know there are going to be problems.

One of them arises from compliance with the laws of the land, specifically the Civil Rights Act. In some communities older people may be deprived of medical care because their hospitals fail to give equal treatment to all citizens and they have discrimination practices.

Well, we believe the answer to that problem is a simple one and that Congress has given it in the law itself. We ask every citizen to obey the law.

A majority of hospitals—we thing more now than 80 percent—have already assured us that they will. And I am hopeful that most of the others—when it is understood and when it is explained—will make an attempt to come into compliance. But we cannot rest easy as long as any of our older citizens lose their rights because of hospital defiance or because of delay.

Now we are going to hear about these cases. Mr. Rayburn, who served here 50 years, used to say that it is typical of the American people to give more recognition to a donkey that will kick a barn down than to a carpenter who will build one.

That applies to all of our people. And to those who still stand outside the gates I want to say this: Please comply. If you discriminate against

some older citizens in your community, then you make it very difficult for the whole program.

The Federal Government is not going to retreat from its clear responsibility and what the Members of Congress have written into the law. And I hope that you will not retreat either.

So you are here today to help us make this reality clear to your communities. Because there is always a last minute hope that we can "fudge it" a little bit and we can prolong it and "it won't be necessary." Now that is one problem and it is a serious problem for the 20 percent group, as you can see.

Another problem will face some communities, and that is, their hospitals are always crowded and Medicare is going to add to the patient load. And if the hospital is already crowded, why, we just make present bad matters worse. Now, we do not think this is a national problem—in every State in the Union and in every community. It arises only in certain localities. We have identified those particular localities where we think the problem is most severe.

Eighty-eight counties have serious overcrowding now and we think that is where our problems are going to be. This affects about 3 percent of the Nation's population. And you are going to have ample coverage of that, ample pictures of it, and ample articles about it. I want to prepare you in advance. They are going to broadcast it good. It is going to affect, we think, about 3 percent, and we want to minimize it as much as we can.

In each of these communities your leadership can be helpful and, we think, will be necessary to try to insure the efficient use of hospital beds and efficient use of medical manpower, and to work out wise programs for handling the patient load.

We all know from our experiences in other programs—it may be a local box supper or a local football game on Thanksgiving—we know there are those who abuse their privileges.

And there will be some abuse from all these millions of people under Medicare—because we are all human beings. There will be some who will demand unnecessary treatment. There will be some who what to "fix it under the table," who want a special privilege. There will be some who make unusual requests for hospital care.

Now when these demands arise we want to appeal to you, and through you as leaders down to the very bottom of the grassroots, to try to help us stand firm against these abuses.

Washington is no place to patrol matters in 50 States. The farther you get away from the community, the less efficient you are and the more expensive you are. So we hope that at the local level this can be done. Now we think that these abuses—that you can watch after them better than anyone else; and we want to help you in any way that you think we can help.

There is another problem, which deserves attention, and one that we are watching closely. With the start of medical care there may be growing pressure toward higher prices for hospital and medical services.

There is something about full employment: We work for years to try to get jobs for all of us; we work for years to try to get to where we can buy certain things; and as soon as we do, although we sell a lot more of them, people like to raise their price a little bit so they can raise their profits a little bit. That is human nature.

We must try to be concerned with these higher prices for hospital medical service or we can undo a lot of the good that we have done. So we ask the responsible medical societies and professional leaders to take the lead in trying to help us prevent unreasonable costs for health services. And the best prevention is intelligent self-restraint by doctors and hospital officials.

Now I hope your discussion of these and other problems today in your own meetings will be bold and frank and thorough. I hope, too, that you will enter into these discussions knowing that you are a very select group in which great trust is placed and which bears great responsibility, and that in my judgment the little program that you will have at your meeting and your participation here in this meeting will make history that your descendants will be proud of.

We still talk about Abigail Adams hanging out her washing here in the East Room. Now you are not going to hang out any washing here today, but you are doing something much more significant and much more enduring—and something that your descendants are going to take great pride in.

In a little more than a fortnight, for the first time in the history of America, every senior American will be able to receive hospital care—not as a ward of the State, not as a charity case, but as an insured patient.

I am not 65 yet, but I have known a good many people in my lifetime that were 65; and they have been mighty close to me. And I have seen the skim over their eyes when they looked at me, wondering whether they were going to be welcome in their sister-in-law's home, or whether their brother-in-law would be happy when they are all there using the one bath, or how they were going to pay the doctors or for the medical services—and how grateful they were for the consideration that the preacher and the women of their church had extended to them in times of illness, and how they loved the doctor that could come anytime in the night, who gave his whole life, even away from his own family, and waited to have his bills paid year after year after year, in drought or insects or too much rain or too little!

And I know that those people over 65 know that this is really heaven itself that they no longer have to wonder how their son-in-law or their brother-in-law or their sister-in-law is going to feel, that they have some little hope that they can get into a nursing home, or if the pain gets in the right place they can go to a hospital where they can get some care—not with a tin cup in their hand saying, "Please, ma'am," but because their Government has provided for it as it has social security.

One of the most memorable events in my life was standing in the Speaker's office in this Capitol, and hearing a man talk about the socialism of social security—how dangerous it was. He was close to me, he was such a good man—and so genuinely believed that it would destroy this country. And I pled with him: Please, please, please go and support that measure; and he finally did. And as I recall, less than a dozen voted against it on final passage.

I look back 30 years now and see how far we have come. No longer would an enlightened, constructive man feel that way about social security. There is not 1 out of 100 who would think of repealing it.

And I think in due time you will feel this way.

I heard Mrs. Johnson say to Secretary Gardner the other day: "Your life must be an interesting and exciting one. Tell me about some of the things that you are doing that excite you the most."

And he said, “I think the thing that gives me the greatest sense of achievement and the greatest satisfaction is reading the letters, and hearing the stories, and participating in the work, and doing the planning, and staying up around the clock to see that this burden, this yoke, this ‘sack of cement’ that these old people have been carrying on their shoulders, is removed—and they now can see the sight of the Promised Land when finally with their card they can go in and have some medical treatment as a result of their Government’s planning, and their own planning, and the hospital planning, and the medical planning.”

So this is a great accomplishment, a great achievement. It is not just an image or an appearance. It is not something we are just talking about. We are right in sight of the Promised Land—and we do want it to be successful.

Now there are going to be doubters and there are going to be detractors. There always will be. They complain about the consequences. I want to—for their benefit, although I do not want to give them over recognition, but I want to anticipate it and I want you to anticipate it because you will see it serialized—I want to recall the words of Bernard Shaw and he said, “Nothing is worth doing—unless the consequences may be serious.”

I remember a very controversial man in our community. One time when I went to him and asked what he thought about a doubter and detractor who appeared on my horizon very often, he said, “Very little harm; very little good.” And there’re people that—that really leave little behind them. Very little harm, very little good. You don’t have to doubt them, you don’t have to detract them, you don’t have to pay much attention to them, because what they do is not very controversial. Now we believe—in this country, in the Congress, in the Nation, in the White House—that this job is worth doing. And with your help we think we can do it.

And I am calling, very shortly, a meeting (I want to serve notice on Secretary Gardner publicly because I don’t want to give him a chance to object privately) of the Director of the National Institutes of Health and the directors of the nine individual institutes, as well as the Surgeon General of the Public Health Service. I am asking them to come here to meet with me for the purpose of hearing what plans, if any, they have for reducing deaths and for reducing disabilities and for extending research in that direction.

I firmly believe that if we can pull together these men and if we can hold such a meeting and follow it up with having them have meetings with other experts in the 50 States in these particular fields, and then come back and meet with me 3 months later—when I take that check sheet and see just what they have, like when you take a car in to get it filled with—the tires filled and the radiator checked and all those things—we will go down their checklist and we will see what specific efforts they are going to make to reduce deaths among the leading killers, especially arteriosclerosis of the heart and the brain, and various forms of cancer, and to reduce disabilities such as arthritis and severe mental and neurological diseases or illness.

You know it is only since 1945 that death from tuberculosis has ceased to be considered the will of God. And it is only since the early fifties and the development of the Salk vaccine that polio is no longer striking terror in the heart of every mother, every parent, in this country.

Now actually a great deal of basic research has been done. I have been participating in the appropriations for years in this field. But I think the time has now come to zero in on the targets by trying to get this knowledge fully applied. There are hundreds of millions of dollars that have been spent on laboratory research that may be made useful to human beings here if large-scale trials on patients are initiated in promising areas. Now Presidents, in my judgment, need to show more interest in what the specific results of medical research are during their lifetime, during their administration. I am going to show an interest in the results. Whether we get any or not I am going to show an interest in them.

And I hope that meeting with the head of NIH and the individual institute directors might energize—or make a contribution, I guess, is a better way to put it, to plans for specific results. And that is, specific results in the decline in deaths and disabilities.

At present, a very small percentage of research money is spent on clinical research to test new drugs and treatments on human beings. And until we do this, we won't have any major new ways of reducing deaths and disabilities. But after I have heard plans which may not be specific today, I will then ask these men to return to me to give me more concrete proposals and recommendations that they have received from you and from their own knowledge, say, in 3 months. And then I would hope that for whatever time is allotted me in the White House, that about every 6 months we could come back and see

what progress we are making. Because these men are now responsible for over a billion dollars of research and training money. And I want them to be sure that they have the best defined programs and goals that can be originated in this country.

To do what? To prolong the prime of life for all of our people. Now, if I can hold two or three such meetings, I feel that with the deep sympathy and interest and leadership of the President, we will be able to get more results for the survival of our people than anyone else has ever done in the history of mankind. Think about what a laudable objective that is!

I would like to start children to school earlier. I would like to keep them there longer. I would like for them to be prepared better. And I would like to lose fewer of them when they discover America, and keep all those that discover America living as long as possible—and living in a wholesome and constructive and happy atmosphere as long as possible.

It gives me great satisfaction to walk into a home where a person that is 93 years old can go into his shower in his wheelchair and turn it on by himself, or where a crippled lady who is 84 does not have to bend over to open the refrigerator because it is on a platform especially designed for her.

So I want to see us use all our knowledge we can—to better prepare our children so they are better prepared as adults, and their eyes are tested, and their teeth tested, and that their mental retardation problems are detected early, so that we can save at least a part of this great waste.

Do you know we are taking in the neighborhood of $10 billion more this year than I thought we would take in a few months ago? (I said in the neighborhood; that gives me flexibility, I hope, because we really don't know until we get the income tax payments calculated. But we are going to take in several billion more.)

That is a wonderful feeling—to have that much more coming in. Now why is it coming in? Because more people are working. They are being paid more money. And as this unemployment is reduced, as their skills are developed, as they are upgraded, as they are promoted, as they earn more—then we get more. And that gives you more to do this research to prolong life and to better educate people.

And what we are doing in this country is contagious. It is spreading to other areas of the world. I can't imagine any field of endeavor, unless it is preaching or teaching or public life, that can be as satisfying as healing the sick and ministering to their needs—and seeing that in this country.

Look at the problem we have in Vietnam. They earn $65 a year and they die at 35. That is their average life expectancy. But because of the leadership of you and your profession and your group, our life expectancy, because we're Americans, is more than doubled.

We can't be satisfied with that. We are going on and do a better job. And the first job we are going to get on with is medical care, July 1. And then there are going to be other and equally important developments down the road.

Thank you so much for coming.

STATEMENT BY THE PRESIDENT ON THE INAUGURATION OF THE MEDICARE PROGRAM—JUNE 30, 1966

Medicare begins tomorrow.

Tomorrow, for the first time, nearly every older American will receive hospital care—not as an act of charity, but as the insured right of a senior citizen.

Since I signed the historic Medicare act last summer, we have made more extensive preparation to launch this program than for any other peaceful undertaking in our Nation's history.

Now we need your help to make Medicare succeed.

Medicare will succeed—if hospitals accept their responsibility under the law not to discriminate against any patient because of race. More than 92 percent of the beds in our Nation's general hospitals are already in compliance with the law.

Medicare will succeed—if doctors treat their patients with fairness and compassion as they have in the past. I feel sure that most doctors do not plan to drive hard bargains with needy patients.

Medicare will succeed—if older patients cooperate in scheduling treatment and do not demand unnecessary hospital and medical services. I have confidence in the commonsense of our older Americans.

This program is not just a blessing for older Americans. It is a test for all Americans—a test of our willingness to work together.

In the past, we have always passed that test. I have no doubt about the future. I believe that July 1, 1966, marks a new day of freedom for our people.

REMARKS AT THE DEDICATION OF THE ELLENVILLE COMMUNITY HOSPITAL, ELLENVILLE, NY—AUGUST 19, 1966

Last year your Congressmen and the Johnson administration declared that the time for Medicare is now; that from now on, our older citizens should get hospital care—not as charity cases, not on an admission slip from their son-in-law, but as insured patients.

We had talked about this wonderful idea for 20 years. We had all appeared in public presentations throughout the Nation for more than 20 years.

But tonight we are no longer talking about what we are going to do. We have done it. It is no longer a plank in the platform; it is a fact in the community.

Well, the doubters rose up again. They forecast that if Medicare passed, if the Congress ever followed the President and enacted Medicare, that medicine in this country would be ruined, that doctors would be regimented, that free enterprise system would be wrecked.

Well, they said most of those things about social security. They said them about the 25-cent minimum wage when we first started that. But, tonight we are taking stock.

Now what really did happen? Despite all of this, one critic put us on notice that on July 1st, when it took effect, the first day of Medicare, and I quote him, “A line of patients will stretch from Chicago to Kansas City.”

One estimable magazine predicted “a mammoth hospital traffic jam.” There were lots of frightened people.

But those in your Government organized a round-the-clock crisis team and put them in a center in Washington to receive the flood of complaints that were forecast that would flow, in order that they could deal with the coming national hospital emergency.

I called a dozen different meetings of Cabinet officers, medical officials, officials of the American Medical Association, of the hospital associations throughout this country. They came to the White House to help us deal with this crisis—which didn’t happen.

Nothing went wrong. There was no crisis for the crisis center to meet.

In 1 month not one single call came into that crisis center.

And I said to our very beloved and able Secretary of HEW, John Gardner from New York, and a Republican, incidentally—I didn't know it until I had offered him the job. I was talking to him and it just happened to occur to me I had better ask him because I was going to send his name up to the Senate. And he kind of blushed a little bit, I guess because when I asked him what party he belonged to—a Democratic President was going to appoint him—he said "a Republican." And I said, "That is just what I need."

Thirty-five percent of the Republicans voted for me. I hope he was one of them.

But I said to John Gardner, "The men on that crisis staff are the most under worked men in all America." So, we closed the crisis center before Congress investigated us.

In the next 60 days, more than half a million Americans—500,000—will have already entered hospitals for treatment under Medicare.

In this first year we expect that more than 9 million hospital bills and 30 billion doctor bills will be paid under your Medicare's insurance program.

More than 6 million children and needy adults have begun enjoying benefits under other portions of this most remarkable law.

The doubters predicted a scandal; we gave them a success story. They predicted an emergency; we gave them efficiency.

Where are the doubters tonight? Where are the prophets of crisis and catastrophe? Well, some of them are signing their applications; some of them are mailing in their Medicare cards, because they now want to share the success of this program. And we will welcome them all with understanding to the big tent.

Because I can't come to see you very often, tonight I am going to ask your indulgence while I talk about some of the things that are on my heart. And I, at this moment, what to tell you another blessing that I think Medicare brings this country of ours.

It used to be, in many places in our land, that a sick man whose skin was dark was not only a second-class citizen, but a second-class patient. He went to the other door, he went to the other waiting room, he even went to the other hospital.

But tonight that old blot of racial discrimination in health is being erased in this land we love. Under this administration's Medicare program, the hospital has only one waiting room; it has only one standard for black and white and brown, for all races, for all religions, for all faiths, for all regions. And I think that is a victory for all of us; that is a victory for America.

The day of the second-class treatment, the day of the second-class patients is gone. And that means that we are reaching a new day of good health for the people of America.

So I have come here tonight to say that we are ready to practice what we have preached so long. And that is this: that good medical care, good medical attention is the right of every American citizen.

STATEMENT BY THE PRESIDENT ON THE FIRST ANNIVERSARY OF MEDICARE—JULY 1, 1967

The success of the Medicare program in its first year has surpassed even the expectations of some of its staunchest supporters. The program is fulfilling the promise that older Americans and their families will be free of the fear of major financial hardship because of illness.

Secretary John Gardner submitted a report to me today in which he advised that in the past year under Medicare:

• 4 million older Americans entered hospitals, and $2.4 billion in hospital bills was paid out.
• $640 million for other medical services, primarily physicians' services, was paid out for the elderly enrolled in the voluntary medical insurance part of the program.
• 200,000 people have received home health services.

Since January 1, 1967 another 200,000 people have received care in professional nursing homes. The impact of Medicare goes far beyond what can be learned from a recital of statistics. The program has triggered deep and beneficial changes in American life:

• In the past, many aged Americans received the medical care they needed as ward patients or on a charity basis. Today they receive care on a private patient basis, with the dignity and freedom of choice that goes with the ability to pay provided by Medicare.
• Millions of aged Americans now have the peace of mind that comes from the knowledge that health care will not entail deep financial distress. They know they will not have to ask their children or other relatives to assume the responsibility of their medical bills. Before Medicare only a little over half of the aged had any health insurance, and less than one-half of those had broad protection against hospital costs.
• As a result of Title VI of the Civil Rights Act as applied to Medicare, members of minority groups in many communities have access to quality hospital care previously barred to them. Over 95 percent of the Nation's hospitals are now in compliance.
• Medicare has been a powerful force in upgrading the level of health care available to all Americans. Today, 6,800 hospitals, containing 98.5 percent of the bed capacity of nonfederal, general care hospitals in the United States; meet the quality standards of Medicare. For several hundred of these hospitals considerable upgrading was

required in order to participate. In addition, the participation of 320 psychiatric institutions, 4,000 extended care facilities, and about 1,800 home health agencies is also conditioned on their ability to provide quality care.

• Medicare has stimulated the development of alternatives to hospital care: hospital outpatient services, post hospital extended care, home health care, as well as physicians' services in the hospital, office, or home. This wide range of Medicare alternatives makes it possible for the doctor, patient, or family to make a realistic choice of the service which best meets the patient's needs. In 1963, only about 250 home health agencies in the country could have met Medicare standards. Today 1,800 agencies are certified for Medicare participation.

• The comprehensiveness of Medicare coverage sets a standard against which all age groups measure the scope of their health insurance coverage. Medicare is stimulating improved health insurance coverage in the private sector for the entire population.

IMPROVING OPERATIONS

Medicare is an enterprise involving many millions of people and thousands of organizations. In setting up a program of such magnitude, there were many unprecedented administrative and procedural problems to be solved.

For the most part, the administration of hospital benefits has gone well. Most hospitals are reimbursed on a timely basis. Some simplifications are possible and are being pursued, but the administrative problems in this area are no longer substantial.

The payment of outpatient hospital benefits continues to present problems. We have recommended to Congress a major simplification of these benefit provisions.

On a national basis, insurance carriers had a backlog of nearly 8 weeks' work after the first 2 months of the opening of the program. By the first of this year, this had been cut to 5 weeks. Today, it is down to about 2.3 weeks.

In 51 of 59 carrier service areas, serving 90 percent of the Medicare beneficiaries, physicians' bills are being processed on an average of less than 21 days, and in 14 of these areas the average bill processing time is 10 days or less. Our goal is that all insurance carriers should achieve the processing time that these 14 carriers have attained.

Carriers are continuing to reduce processing time, although bills are still coming in at a rate of over 700,000 a week. Reductions result from the introduction of electronic data processing equipment by the carriers increases in staff and improvements in training, and simplifications in policies and procedures. The informational efforts of the carriers and the Social Security Administration have also led to a better understanding of the program by physicians and beneficiaries, reducing the proportion of improperly filed claims that had to be returned. The rate of claims returned by carriers for additional information is down from an earlier 30 to 40 percent to 4 ½ percent.

One major current problem concerns how the patient can be relieved of the hardship caused by large bills submitted by a physician who is unwilling to take payment on assignment, thereby forcing the patient to pay the physician out of his own funds before Medicare can make payment.

Nearly 57 percent of the physicians in the country accept assignments, at least part of the time. However, some patients of the other 43 percent may suffer serious hardships. We are studying ways to relieve the patient of unnecessary burdens, without increasing inflationary pressures on the size of the physicians' fees.

Medicare goes into its second year on a sound administrative basis. Many of the difficulties that arose have been ironed out and the entire process is being carefully reviewed to assure that it operates at maximum efficiency and with minimum difficulty for all who are involved in or affected by it.

During the first year of Medicare, superior health care has been provided for millions of aged Americans, and health standards have been raised for all Americans. This has come about because of cooperation between the Federal Government, physicians, insurance carriers, and the States. It would not have been possible without the strong support of each of these groups. We have forged a partnership for a healthier America.

STATEMENT BY THE PRESIDENT ON THE SECOND ANNIVERSARY OF THE MEDICARE PROGRAM—JUNE 29, 1968

Tomorrow America celebrates the second anniversary of Medicare—a program of healing a quarter of a century in the making.

It was Harry S. Truman who planted the compassionate seeds of this program a generation ago, and now all America is reaping its rich harvest. As Medicare enters its third year, it is fitting to reflect on just what this program has meant to the Nation and its millions of elderly citizens.

A man from Morrisonville, Ill., who had endured six major operations, with medical bills soaring to almost $5,000, wrote to me recently, “I don’t know what we would have done without Medicare—without it we would have lost everything.”

His testimony is not unique. It is reflected in the experiences of new hope and renewed health that light up thousands of lives in every community of this land.

These are the facts of Medicare—and they speak eloquently of its success and achievement:

• Twenty million Americans, 65 and over, 10 percent of the Nation’s population are protected by the program.
• $8.4 billion has paid the expenses incurred in 10.6 million hospital stays and 45 million medical bills.
• Well over a million of our elderly have received the post–hospital care they need in nursing homes and in their own bedrooms. They have been attended by visiting nurses, physical therapists, and other health specialists.
• Almost 1.5 million senior citizens have benefited from hospital out-patient diagnostic services.

For the generation of the Nation’s grandparents, Medicare has brought dignity and security.

For the generation of America’s young families, concerned for their mothers and fathers, it has brought assurance that their parents will never be neglected in the golden years.

Two years after the dream became reality we can say this of Medicare: By honoring the fundamental humanity, which is the spirit of democracy, it is a triumph of rightness in America.

REMARKS BEFORE THE ANNUAL CONVENTION OF THE NATIONAL MEDICAL ASSOCIATION, HOUSTON, TEXAS—AUGUST 14, 1968

But my friends, the greatest breakthrough of all, the greatest triumph of our time can be summed up in one short, sweet, little word: Medicare.

We prayed for it. We sang for it. We talked for it. But now we finally got around to passing it and putting it into effect.

Some argued that it would never work. Some predicted that medicine in this country would be regimented and ruined. Do you remember those voices?

I remember one particular critic who said that on the first day of Medicare, “A line of patients will stretch all the way from Chicago to Kansas City.”

But these prophets of doom about Medicare were just as wrong as they were about social security.

I want to give you some of these facts about Medicare. They speak of its success as we begin the third year.

• Twenty million of our best Americans are right now protected by that program. That means 20 million happy grandpas and grandmas as well as 20 million happy sons-in-law.
• $8 billion 400 million has been paid out in hospital and medical services.
• 200,000 doctors, 120 insurance organizations, and 7,000 hospitals are all involved in this gigantic venture.
• And they are all providing medical treatment to all citizens of all races.

So Medicare is working its wonders. It is saving lives. It is replacing fear and anguish with confidence and with serenity. And our older citizens are now getting medical care, not as charity cases any more, not on handouts from their sons–in–law, but as insured, equal patients. In short, Medicare is an expression of fundamental humanity. In short, Medicare is a triumph of rightness. Now, we must seek news ways to improve and to expand medical care.

I had a friend who came over from a rural section of this area of the United States, not from this State. He was riding around with me about sunset a few days ago. He said, “Mr. President, the most wonderful thing that we have done in this whole country is all my lifetime is Medicare.

“But,” he said, “I want to beg of you and plead of you, as the leader of our Nation, please ask all of our people not to let it become a racket, because it is too good a thing to be abused.” It is too good a thing to chisel. It is too good a thing to bring in scandal and disgrace. It is too good a thing to fudge on.

So I appeal to you good doctors, and your wives, and to your nurses, and to the hospitals, and to the insurance organizations—tell it as it is.

Now, we just must make it more efficient. There is no room for waste in Medicare. Last March I asked Congress to let us put into practice the results of our experiments to provide incentives for efficiency. But that was last March and nothing has happened since. That bill is still stalled in the Congress.

I urged Congress to act on this vital measure last March. And I urge it again today to act as soon as it returns from the political conventions.

Second, I came here this afternoon, not only to see these happy and smiling and trusting faces, but I came here because I wanted your help for this good program. I want you to try to help us reduce its rising costs.

So, I appeal to the entire medical profession in this country to exercise restraint in their fees and in their charges. Doctors, hospital administrators, and insurance carriers all know that demand for medical services is going up. And they all know that, while the demand is going up, the supply for medical services is going down.

This pressure—when demand exceeds supply—always results in higher costs. And this trend must be stopped if we are to save every insured American under Medicare in this country.

Now mainly, because we have seen that Medicare for the elderly is a success, we must now turn our thoughts to another important group of Americans who greatly need our help.

Today in this prosperous land, in this year of our Lord 1968, there are children, little children, who never see a doctor. There are children who are crippled for life by diseases that could be prevented. That is almost a national scandal. We do have the power to prevent it.

If I had my wish today, I would want every mother, as soon as she realized that she is to be a mother, to have the chance to have a good professional doctor advise her and examine her and to provide her with counsel and prenatal care from that first day, until that little one is 1 year old.

Hundreds of thousands of lives would be saved, not only the child who is lost at childbirth or crippled at childbirth or handicapped at childbirth or the mother's life that is lost, but the lives of those who must go along and wait on them all of their lifetime. It is absolutely disgraceful that the richest nation in the world, the most powerful nation in the world, would rank 15th in infant mortality. That is a statistic we want to do away with.

Now, you can call this plan that I proposed to the Congress and that I am going to propose to the people in the years ahead even more often—you can call it by whatever name you wish. Some call it Medicare, some call it children's aid, and some call it "kiddie–care," but I know what you know and that is the richest, most powerful nation in the world ought to see that every child born into it is born as healthy as medical science will permit. And we know that is not happening now, don't we?

[….]

SPECIAL MESSAGE TO THE CONGRESS ON HEALTH CARE—MARCH 2, 1972

To the Congress of the United States:

An all-directions reform of our health care system—so that every citizen will be able to get quality health care at reasonable cost regardless of income and regardless of area of residence—remains an item of highest priority on my unfinished agenda for Americans in the 1970s.

In the ultimate sense, the general good health of our people is the foundation of our national strength, as well as being the truest wealth that individuals can possess.

Nothing should impede us from doing whatever is necessary to bring the best possible health care to those who do not now have it—while improving health care quality for everyone—at the earliest possible time.

In 1971, I submitted to the Congress my new National Health Strategy, which would produce the kind of health care Americans desire and deserve, at costs we all can afford.

Since that time, a great national debate over health care has taken place. And both branches of the Congress have conducted searching examinations of our health needs, receiving and studying testimony from all segments of our society.

The Congress has acted on measures advancing certain parts of my National Health Strategy:

- The Comprehensive Health Manpower Training Act of 1971 and the Nurse Training Act of 1971, which I signed last November, will spur the greatest effort in our history to expand the supply of health personnel. Additionally and importantly, it will attract them to the areas of health care shortages, helping to close one of the most glaring gaps in our present system.
- The Congress also passed the National Cancer Act, which I proposed last year. This action opens the way for a high-intensity effort to defeat the No. 2 killer and disabler of our time, an effort fueled by an additional $100 million in the last year. A total of $430 million is budgeted for cancer programs in fiscal year 1973, compared to $185 million in fiscal year 1969.

- The Congress responded to my statement of early 1970 on needed improvements in veterans medical care by authorizing increased funds in 1971 and 1972, increases which have brought the VA hospital to patient ratios to an all-time high and have provided many additional specialty and medical services, including increased medical manpower training.
- The Congress also created a National Health Services Corps of young professionals to serve the many rural areas and inner city neighborhoods, which are critically short on health care. By mid-summer, more than 100 communities around the Nation will be benefiting from these teams.

These are important steps, without doubt, but we still must lay the bedrock foundations for a new national health care system for all our people.

The need for action is critical for far too many of our citizens.

The time for action is now.

I therefore again urge the Congress to act on the many parts of my health care program which are still pending so that we can end—at the earliest possible time—the individual anguishes, the needless neglects and the family financial fears caused by the gaps, inequities and maldistributions of the present system,

The United States now spends more than $75 billion annually on health care—and for most people, relatively good service results.

Yet, despite this huge annual national outlay, millions of citizens do not have adequate access to health care. Our record in this field does not live up to our national potential.

That sobering fact should summon us to prompt but effective to reform and reorganize health care practices, while simultaneously resisting the relentless inflation of health care costs.

MORE THAN MONEY IS NEEDED

When the subject of health care improvements is mentioned, as is the case with so many other problems, too many people and too many institutions think first and solely of money—bills, payments, premiums, coverages, grants, subsidies and appropriations.

But far more than money is involved in our current health care crisis.

More money is important—but any attempted health care solution based primarily on money is simply not going to do the job.

In health care as in so many other areas, the most expensive remedy is not necessarily the most effective one.

One basic shortcoming of a solution to health care problems, which depends entirely on spending more money, can be seen in the Medicare and Medicaid programs. Medicare and Medicaid did deliver needed dollars to the health care problems of the elderly and the poor. But at the same time, little was done to alter the existing supply and distribution of doctors, nurses, hospitals and other health resources. Our health care supply, in short, remained largely the same while massive new demands were loaded onto it.

The predictable result was an acute price inflation, one basic cause of our health economic quandary of the past 11 years.

In this period, national health expenditures rose by 188 percent, from $26 billion in fiscal 1960 to $75 billion in fiscal 1971. But large parts of this enormous increase in the Nation's health expenditure went, not for more and better health care, but merely to meet price inflation.

If we do not lessen this trend, all other reform efforts may be in vain.

That is why my National Health Strategy was designed with built-in incentives to encourage sensible economies—in the use of health facilities, in direct cost control procedures, and through more efficient ways to bring health care to people at the community level. That is also why we have given careful attention to medical prices in Phase II of the Economic Stabilization Program.

Several months ago, the Price Commission ruled that increases in physician fees must be kept to within 2 ½ percent. Rules were also issued to hold down runaway price increases among hospitals, nursing homes and other health care institutions. All of these efforts were directed toward our goal of reducing the previous 7.7 percent annual price increase in total health care costs to half of that level, 3.85 percent this year.

These actions should buy us some time. But they are, at best, a temporary tourniquet on health care price inflation.

We must now direct our energies, attentions and action to the long-range factors affecting the cost, the quality and the availability of medical care.

My overall program, of course, is one that would improve health care for everyone. But it is worthy of special note that these recommendations have a particular importance and a high value for older Americans, whose health care needs usually rise just as their incomes are declining.

WE SHOULD BUILD ON PRESENT STRENGTHS

When we examine the status of health care in America, we always must be careful to recognize its strengths. For most Americans, more care of higher quality has been the result of our rising national investment in health, both governmental and private.

We lead the world in medical science, research and development. We have obliterated some major diseases and drastically reduced the incidence of others. New institutions, new treatments and new drugs abound. There has been a marked and steady gain in the number of people covered by some form of health insurance to 84 percent of those under 65, and coverages have been expanding. Life expectance has risen by 3.4 percent since 1950 and the maternal death rate had declined 66 percent. Days lost from work in the same period are down 3.5 percent and days lost from school have declined 7.5 percent—both excellent measures of the general good state of our health.

All of this is progress—real progress.

It would be folly to raze the structure that produced this progress—and start from scratch on some entirely new basis—in order to repair shortcomings and redirect and revitalize the thrust of our health system.

To nationalize health care as some have proposed, and thus federalize medical personnel, institutions and procedures—eventually if not at the start—also would amount to a stunning new financial burden for every American taxpayer.

The average household would pay more than $1,000 a year as its share of the required new Federal expenditure of more than $80 billion each and every year. Such a massive new Federal budget item would run counter to the temper of the American taxpayer.

Also, such a massive new Federal budget item would run counter to the efforts of this Administration to decentralize programs and revenues, rather than bring new responsibilities to Washington.

And, finally, such a massive new Federal budget requirement would dim our efforts to bring needed Federal action in many new areas—some of which bear directly on health, such as environmental protection.

Clearly we must find a better answer to the deficiencies in our health care system. Unfortunately, such deficiencies are not difficult to identify:

- In inner cities and in many rural areas, there is an acute shortage of physicians. Health screening under various government programs has found the appalling percentages of young people, mostly from deprived areas, have not seen a doctor since early childhood, have never seen a dentist and have never received any preventive care.
- General practitioners are scarce in many areas and many people, regardless of income or location, have difficulty obtaining needed medical attention on short notice.
- Our medical schools musts turn away qualified applicants.
- While we emphasize preventive maintenance for our automobiles and appliances, we do not do the same for our bodies. The private health insurance system, good as it is, operates largely as standby emergency equipment, not coming into use until we are stricken and admitted to the most expensive facility, a hospital.
- Relative affluence is no ultimate protection against health care cost. A single catastrophic illness can wipe out the financial security of almost any family under most present health insurance policies.

To remedy these problems, however, will require far more than the efforts of the Federal Government—although the Federal role is vital and will be met by this Administration.

It is going to take the complementing efforts of many other units, of government at the State and local levels; of educational and health organizations and institutions of all kinds; of physicians and other medical personnel of all varieties; of private enterprise and of individual citizens.

My National Health Strategy is designed to enlist all those creative talents into a truly national effort, coordinated but not regimented by four guiding principles:

Capitalizing on existing strengths: We resolve to preserve the best in our existing health care system, building upon those strong elements the new programs needed to correct existing deficiencies.

Equal access for all to health care: We must do all we can to end any racial, economic, social or geographical barriers which may prevent any citizen from obtaining adequate health protection.

Balanced supply and demand: It makes little sense to expand the demand for health care without also making certain that proper increases take place in the numbers of available physicians and other medical personnel, in hospitals and in other kinds of medical facilities.

Efficient organization: We must bring basic reorganizations to our health care system so that we can cease reinforcing inequities and relying on inefficiencies. The exact same system, which has failed us in many cases in the past, certainly will not be able to serve properly the increased demands of the future.

MAJOR ACTIONS AWAITED

Three major programs, now awaiting action in the Congress after substantial hearings and study, would give life to these principles.

- The National Health Insurance Partnership Act,
- The Health Maintenance Organization Assistance Act,
- and H.R. 1, my welfare reform bill which also would amend Medicare and Medicaid in several significant ways.

THE NATIONAL HEALTH INSURANCE PARTNERSHIP ACT

This proposal for a comprehensive national health insurance program, in which the public and private sector would join, would guarantee that no American family would have to forego needed medical attention because of inability to pay.

My plan would fill gaps in our present health insurance coverage. But, beyond that, it would redirect our entire system to better and more efficient ways of bringing health care to our people.

There are two critical parts of this Act:

1. The National Health Insurance Standards Act would require employers to provide adequate health insurance for their employees,

who would share in underwriting its costs. This approach follows precedents of long-standing under which personal security—and this national economic progress—has been enhanced by requiring employers to provide minimum wages and to observe occupational health and safety standards.

Required coverages would include not less than $50,000 protection against catastrophic costs for each family member; hospital services; physician services both in and out of a hospital; maternity care; well-baby-care (including immunizations); laboratory expense and certain other costs.

The proposed package would include certain deductibles and coinsurance features, which would help keep costs down by encouraging the use of more efficient health care procedures.

It would permit many workers, as an alternative to paying separate fees for services, to purchase instead memberships in a Health Membership Organization. The fact that workers and unions would have a direct economic stake in the program would serve as an additional built-in incentive for avoiding unnecessary costs and yet maintaining high quality.

The national standards prescribed, moreover, would necessarily limit the range within which benefits could vary. This provision would serve to sharpen competition and cost consciousness among insurance companies seeking to provide coverage at the lowest overall cost.

Any time the Federal Government, in effect, prescribes and guarantees certain things it must take the necessary follow-through steps to assure that the interests of consumers and taxpayers are fully protected.

Accordingly, legislative proposals have been submitted to the Congress within recent weeks for regulating private health insurance companies, in order to assure that they can and will do the job, and that insurance will be offered at reasonable rates. In addition, States would be required to provide group rate coverage for people such as the self-employed and special groups who do not qualify for other plans.

2. Another vital step in my proposed program is the Family Health Insurance Plan (FHIP) which would meet the needs of poor families not covered by the National Health Insurance Standards Act because they are headed by unemployed or self-employed persons whose income is

below certain levels. For a family of four, the ceiling for eligibility would be an annual income of $5,000. FHIP would replace that portion of Medicaid designed to help such families. Medicaid would remain for the aged poor, the blind, the disabled and some children.

HEALTH MAINTENANCE ORGANIZATIONS

Beyond filling gaps in insurance coverage, we must also turn our attention to how the money thus provided will be spent—on what kind of services and in what kind of institutions. This is why the Health Maintenance Organization concept is such a central feature of my National Health Strategy.

The HMO is a method for financing and providing health care that has won growing respect. It brings together into a single organization the physician, the hospital, the laboratory and clinic, so that patients can get the right care at the right moment.

HMO's utilize a method of payment that encourages the prevention of illness and promotes the efficient use of doctors and hospitals. Unlike traditional fee-for-service billing, the HMO contracts to provide its comprehensive care for a fixed annual sum that is determined in advance.

Under this financial arrangement, the doctors' and hospitals' incomes are determined not by how much the patient is sick, but by how much he is well. HMO's thus have the strongest possible incentive for keeping well members from becoming ill and for curing sick members as quickly as possible.

I do not believe that HMO's should or will entirely replace fee-for-service financing. But I do believe that they ought to be everywhere available so that families will have a choice between these methods. The HMO is no mere drawing board concept—more than 7 million Americans are now HMO subscribers and that number is growing.

Several major pieces of legislation now before the Congress would give powerful stimulus to the development of HMO's:

1. The Health Maintenance Organization Assistance Act would provide technical and financial aid to help new HMO's get started, and would spell out standards of operation;
2. The National Health Insurance Partnership Act described above requires that individuals be given a choice between fee-for-service or

HMO payment plans;
3. H.R. 1 contains one provision allowing HMO type reimbursement for Medicare patients and another that would increase the Federal share of payments made to HMO's under State Medicaid programs.

I urge that the Congress give early consideration to these three measures, in order to hasten the development of this efficient method for low cost, one-stop health service. Meantime, the Administration has moved forward in this area on its own under existing legislative authorities.

Last year, while HMO legislation was being prepared, I directed the Department of Health, Education, and Welfare to focus existing funds and staff on an early HMO development effort. This effort has already achieved payoffs:

To date, 110 planning and development grants and contracts have been let to potential HMO sponsors and some 200,000 Medicaid patients are now enrolled in HMO type plans. Also, in a few months, 10 Family Health Centers will be operating with federally–supported funds to provide prepaid health care to persons living in underserved areas. Each of these Centers can develop into a full-service HMO. I have requested funds in 1973 to expand this support.

To keep this momentum going, I have included in the fiscal year 1972 supplemental budget $27 million for HMO development, and requested $60 million for this purpose in fiscal year 1973.

I will also propose amendments to the pending HMO Assistance Act that would authorize the establishment of an HMO loan fund.

THE NATIONAL NEED FOR H.R. 1

One of the greatest hazards to life and health is poverty. Death and illness rates among the poor are many times those for the rest of the Nation. The steady elimination of poverty would in itself improve the health of millions of Americans.

H.R. 1's main purpose is to help people life themselves free of poverty's grip by providing them with jobs, job training, income supplements for the working poor and child care centers for mothers seeking work.

For this reason alone, enactment of H.R. 1 must be considered centerpiece legislation in the building of a National Health Strategy.

But H.R. 1 also includes the following measures to extend health care to more Americans—especially older Americans—and to control costs:

Additional Persons Covered:

- Persons eligible for Part A of Medicare (hospital care) would be automatically enrolled in Part B (physician's care).
- Medicare (both Parts A and B) would be extended to many disabled persons not now covered.

H.R. 1 as it now stands, however, would still require monthly premium payments to cover the costs of Part B. I have recommended that the Congress eliminate this $5.80 monthly premium payment and finance Medicare coverage of physician services through the social security payroll tax. This can be done within the Medicare tax rate now included in H.R. 1. If enacted, this change would save $1.5 billion annually for older Americans and would be equivalent to a 5 percent increase in social security cast benefits.

Cost Control Features:

- Medicare and Medicaid reimbursement would be denied any hospital or other institution for interest, depreciation and service charges on any construction disapproved by local or regional health planning agencies. Moreover, to strengthen local and regional health planning agencies, my fiscal year 1973 budget would increase the Federal matching share. In addition, grants to establish 100 new local and 20 new State planning agencies would bring health planning to more than 80 percent of the Nation's population.
- Reviews of claim samples and utilization patterns, which have saved much money in the Medicare program, would be applied to Medicaid.
- The efficiency of Medicaid hospitals and health facilities would be improved by testing various alternative methods of reimbursing them.
- Cost sharing would be introduced after 30 days of hospitalization under Medicare.
- Federal Medicaid matching rates would decline one-third after the first 60 days of care.
- Federal Medicaid matching rates would be increased 25 percent for services for which the States contract with HMO's or other comprehensive health care facilities.

These latter three revisions are aimed at minimizing inefficient institutional care and encouraging more effective modes of treatment.

RESEARCH AND PREVENTION PROGRAMS

My overall health program encompasses actions on three levels: 1) improving protection against health care costs; 2) improving the health care system itself; and 3) working creatively on research and prevention efforts, to eradicate health menaces and to hold down the incidence of illnesses.

A truly effective national health strategy requires that a significant share of Federal research funds be concentrated on major health threats, particularly when research advances indicate the possibility of breakthrough progress.

Potentially high payoff health research and prevention programs include:

HEART DISEASE

If current rates of incidence continue, some 12 million Americans will suffer heart attacks in the next 10 years.

I shortly will assign a panel of distinguished professional experts to guide us in determining why heart disease is so prevalent and what we should be doing to combat it. In the meantime, the fiscal year 1973 budget provides funds for exploring:

- the development of new medical devices to assist blood circulation and improved instruments for the early detection of heart disease; and
- tests to explore the relationship of such high-risk factors as smoking, high blood pressure and high blood fats to the onset and progression of heart disease.

CANCER

The National Cancer Act I signed into law December 23, 1971, creates the authority for organizing an all-out attack on this dread disease. The new cancer program it creates will be directly responsive to the President’s direction.

This new program's work will be given further momentum by my decision last October to convert the former biological warfare facility at Fort Detrick, Maryland into a cancer research center.

To finance this all-out research effort, I have requested that an additional $93 million be allocated for cancer research in fiscal year 1973, bringing the total funding available that year to $430 million.

In the past two and one-half years, we have more than doubled the funding for cancer research, reflecting this Administration's strong commitment to defeat this dread killer as soon as humanly possible.

ALCOHOLISM

One tragic and costly illness which touches every community in our land is alcoholism. There are more than 9 million alcoholics and alcohol abusers in our Nation.

The human cost of this condition is incalculable—broken homes, broken lives and the tragedy of 28,000 victims of alcohol—related highway deaths every year.

The recently established National Institute of Alcohol Abuse and Alcoholism will soon launch an intensive public education program through television and radio and will continue to support model treatment projects from which States and communities will be able to pattern programs to fight this enemy.

Meanwhile, the Department of Health, Education, and Welfare and the Department of Transportation are funding projects in 35 States to demonstrate the value of highway safety, enforcement and education efforts among drinking drivers. The Veterans Administration will increase the number of its Alcohol Dependence Treatment Units by more than one-third, to 56 units in fiscal year 1973.

DRUG ABUSE

Drug abuse now constitutes a national emergency.

In response to this threat and to the need for coordination of Federal programs aimed at drug abuse, I established the Special Action Office for Drug Abuse Prevention within the Executive Office of the President. Its special areas of action are programs for treating and rehabilitating

the drug abuser and for alerting our young people to the dangers of drug abuse.

I have proposed legislation to the Congress which would extend and clarify the authority of this Office. I am hopeful that Senate and House conferees will soon be able to resolve differences in the versions passed by the two branches and emerge with a single bill responsive to the Nation's needs.

The new Special Action Office, however, has not been idly awaiting this legislation. It has been vigorously setting about the task of identifying the areas of greatest need and channeling Federal resources into these areas.

The Department of Defense, for example, working in close coordination with the Special Action Office, has instituted drug abuse identification, education, and treatment programs which effectively combated last year's heroin problem among our troops in South Vietnam. Indications are that the corner has been turned on this threat and that the incidence of drug dependence among our troops is declining.

The Veterans Administration, again in coordination with the Special Action Office, has accomplished more than a six-fold increase in the number of drug dependency treatment centers in fiscal year 1972, with an increase to 44 centers proposed in fiscal year 1973.

In fiscal year 1972, I have increased funds available for the prevention of drug abuse by more than 130 percent. For fiscal year 1973, I have requested $365 million to treat the drug abuser and prevent the spread of the affliction of drug abuse.

This is more than eight times as much as was being spent for this purpose when this Administration took office.

SICKLE CELL DISEASE

About one out of every 500 black infants falls victim to the painful, life–shortening disease called sickle cell anemia. This inherited disease trait is carried by about two million black Americans.

In fiscal year 1972, $10 million was allocated to attack this problem and an advisory committee of prominent black leaders was organized

to help direct the effort. This committee's recommendations are in hand and an aggressive action program is ready to start.

To underwrite this effort, I am proposing to increase the new budget for sickle cell disease from $10 million in fiscal 1972 to $15 million in fiscal 1973.

The Veterans Administration's medical care system also can be counted on to make an important contribution to the fight against sickle cell anemia.

Eight separate research projects concerning sickle cell anemia are underway in VA hospitals and more will be started this year. All 166 VA hospitals will launch a broad screening, treatment and educational effort to combat this disease.

On any given day, about 17,000 black veterans are in VA hospitals and some 116,000 are treated annually.

All these expanded efforts will lead to a better and longer life for thousands of black Americans.

FAMILY PLANNING SERVICES

Nearly three years ago, I called for a program that would provide family planning services to all who wanted them but could not afford their cost. The timetable for achieving this goal was five years.

To meet that schedule, funding for services administered by the National Center for Family Planning for this program has been steadily increased from $39 million in fiscal year 1971 to $91 million in fiscal year 1972. I am requesting $139 million for this Center in fiscal year 1973.

Total Federal support for family planning services and research in fiscal year 1973 will rise to $240 million, a threefold increase since fiscal year 1969.

VENEREAL DISEASE

Last year, more than 2.5 million venereal disease cases were detected in the United States. Two-thirds of the victims were under 25.

A concentrated program to find persons with infectious cases and treat them is needed to bring this disease under control. I am, therefore, recommending that $31 million be allocated for this purpose in fiscal year 1973, more than two and one-half times the level of support for VD programs in 1971.

HEALTH EDUCATION

Aside from formal treatment programs, public and private, the general health of individuals depends very much on their own informed actions and practices.

Last year, I proposed that a National Health Education Foundation be established to coordinate a nationwide program to alert people on ways in which they could protect their own health. Since that time, a number of public meetings have been held by a committee I established then to gather views on all aspects of health education. The report of this committee will be sent to me this year.

The committee hopes to define more explicitly the Nation's need for health education programs and to determine ways of rallying all the resources of our society to meet this need.

CONSUMER SAFETY

More than a half-century has passed since basic legislation was enacted to ensure the safety of the foods and drugs which Americans consume. Since then, industrial and agricultural revolutions have generated an endless variety of new products, food additives, industrial compounds, cosmetics, synthetic fabrics and other materials which are employed to feed, clothe, medicate and adorn the American consumer.

These revolutions created an entirely new man-made environment—and we must make absolutely certain that this new environment does not bring harmful side-effects which outweigh its evident benefits.

The only way to ensure that goal is met is to give the agency charged with that responsibility the resources it needs to meet the challenge.

My budget request for the Food and Drug Administration for fiscal year 1973 represents the largest single—year expansion in the history of this agency—70 percent. I believe this expansion is amply justified by the magnitude of the task this agency faces.

In the past year, the foundations for a modern program of consumer protection have been laid. The FDA has begun a detailed review of the thousands of nonprescription drug products now marketed. The pharmaceutical industry has been asked to cooperate in compiling a complete inventory of every drug available to the consumer.

Meanwhile, I have proposed the following legislation to ensure more effective protection for consumers:

- A wholesome fish and fish products bill which provides for the expansion of inspections of fish handlers and greater authority to assure the safety of fish products.
- A Consumer Product Safety bill which would authorize the Federal Government to establish and enforce new standards for product safety.
- Medical device legislation, which would not only authorize the establishment of safety standards for these products, but would also provide for premarketing scientific when warranted.
- A drug identification bill now before the Congress would provide a method for quickly and accurately identifying any pill or tablet. This provision would reduce the risk or error in taking medicines and allow prompt treatment following accidental ingestion.
- The Toxic Substances Control Act that I proposed last year also awaits action by the Congress. This legislation would require any company developing a new chemical that may see widespread use to test it thoroughly beforehand for possible toxic effects.

NURSING HOMES

If there is one place to begin upgrading the quality of health care, it is in the nursing homes that care for older Americans. Many homes provide excellent care and concern, but far too many others are callous, understaffed, unsanitary and downright dangerous.

Last August I announced an eight-point program to upgrade the quality of life and the standards of care in American nursing homes. The Federal interest and responsibility in this field is clear, since Federal programs including Medicare and Medicaid provide some 40 percent of total nursing homes income nationally.

That HEW effort is well underway now:

Federal field teams have surveyed every State nursing home inspection program, and as a result 38 of 39 States found to have

deficiencies have corrected them. The 39th is acting to meet Federal standards. To help States upgrade nursing homes, I have proposed legislation to pay 100 percent of the costs of inspecting these facilities.

Meanwhile, at my direction, a Federally funded program to train 2,000 State nursing home inspectors and to train 41,000 nursing home employees is also underway. The Federal field force for assisting nursing homes is being augmented and fire, safety and health codes have been strengthened.

One way to measure the results of these efforts is to learn how patients in nursing homes feel about the care they are given. We have therefore also begun a program to monitor the complaints and suggestions of nursing home residents.

APPLYING SCIENCE AND TECHNOLOGY

In my State of the Union message, I proposed a new Federal partnership with the private sector to stimulate civilian technological research and development. One of the most vital areas where we can focus this partnership—perhaps utilizing engineers and scientists displaced from other jobs—is in improving human health. Opportunities in this field include:

1. Emergency Medical Sciences: By using new technologies to improve emergency care systems and by using more and better trained people to run those systems, we can save the lives of many heart attack victims and many victims of auto accidents every year. The loss to the Nation represented by these unnecessary deaths cannot be calculated. I have already allocated $8 million in fiscal year 1972 to develop model systems and training programs and my budget proposes that $15 million be invested for additional demonstrations in fiscal year 1973.
2. Blood: Blood is a unique national resource. An adequate system for collecting and delivering blood at its time and place of need can save many lives. Yet we do not have a nationwide system to meet this need and we need to draw upon the skills of modern management and technology to develop one. I have therefore directed the Department of Health, Education, and Welfare to make an intensive study and to recommend to me as soon as possible a plan for developing a safe, fast and efficient nationwide blood collection and distribution system.
3. Health Information Systems: Each physician, hospital and clinic today is virtually an information island unto itself. Records and billings are not kept on the same basis everywhere; laboratory tests are often

needlessly repeated and vital patient data can get lost. All of these problems have been accentuated because out population is so constantly on the move. The technology exists to end this chaos and improve the quality of care. I have therefore asked the Secretary of Health, Education, and Welfare to plan a series of projects to demonstrate the feasibility of developing integrated and uniform systems of health information.

4. Handicapping Conditions: In America today there are half a million blind, 850,00 deaf and 15 million suffering paralysis and loss of limbs. So far, the major responses to their need to gain self-sufficiency, have been vocational rehabilitation and welfare programs. Now the skills that took us to the moon and back need to be put to work developing services to help the blind see, the deaf hear and the crippled move.

TOWARD A BETTER HEALTH CARE SYSTEM

Working together, this Administration and the Congress already have taken some significant strides in our mutual determination to provide the best, and the most widely available, health care system the world has ever known.

The time now has come to take the final steps to reorganize, to revitalize and to redirect American health care—to build on its historic accomplishments, to close its gaps and to provide it with the incentives and sustenance to move toward a more perfect mission of human compassion.

I believe that the health care resources of America in 1972, if strengthened and expanded as I have proposed in this Message, will be more than sufficient to move us significantly toward that great goal.

If the Administration and the Congress continue to act together—and act on the major proposals this year, as I strongly again urge—then the 1970s will be remembered as an era in which the United States took the historic step of making the health of the entire population not only a great goal but a practical objective.

RICHARD NIXON

The White House,
March 2, 1972

SPECIAL MESSAGE TO THE CONGRESS ON OLDER AMERICANS—MARCH 23, 1972

WHERE THE MONEY GOES: THE BURDEN OF HEALTH COSTS

Growing old often means both declining income and declining health. And declining health, in turn, means rising expenditures for health care. Per capita health expenditures in fiscal year 1971 were $861 for persons 65 and older, but only $250 for persons under 65. In short, older Americans often find that they must pay their highest medical bills at the very time in their lives when they are least able to afford them.

Medicare, of course, is now providing significant assistance in meeting this problem for most older Americans. In fiscal year 1971, this program accounted for 62 percent of their expenditures for hospital and physicians' services and 42 percent of their total health payments. In addition, an estimated 40 percent of Medicaid expenditures go to support the health costs of the elderly, while other programs provide significant additional assistance.

But serious problems still remain. Accordingly, this Administration has been working in a number of ways to provide even more help for the elderly in the health-care field. One of our most important proposals is now pending before the Congress. I refer to the recommendation I made more than a year ago that the Congress combine Part B of Medicare—the supplementary medical insurance program, with Part A—the hospital insurance program, thus eliminating the special monthly premium which older persons must pay to participate in part B—a premium which will reach $5.80 per month by July. I have reaffirmed my commitment to this important initiative on other occasions and today I affirm it once again. Elimination of the premium payment alone would augment the annual income of the elderly by approximately $1.5 billion, the equivalent, on the average, of almost a 4 percent increase in social security for persons 65 and older. I hope the Congress will delay no longer in approving this important proposal.

Our concern with health costs for older Americans provides additional reasons for the prompt approval of H.R. 1. Under that bill:

- Provision is made for extending Medicare to many of the disabled (about 60 percent of whom are age 55 and over) who are drawing social security benefits and who have had to give up work before reaching regular retirement age;

- Medicare beneficiaries would have the opportunity to enroll in Health Maintenance Organizations—organizations which I strongly endorsed in my special message on health policy because of my conviction that they help to prevent serious illness and also help to make the delivery of health care more efficient;
- Provision is made for removing the uncertainties relative to coverage under Medicare when a person needs to use extended care facilities after hospitalization.

In my recent message to Congress on health policy, I indicated a number of other measures, which will help reduce the cost of health care. I spoke; for example, of the special attention we have been giving under Phase II of our New Economic Policy to the problem of skyrocketing health costs, through the special Health Services Industry Committee of the Cost of Living Council. I indicated that a number of cost control features would be introduced into the Medicare and Medicaid reimbursement processes—with the overall effect of reducing health costs. I have also called for new research efforts in fields such as heart disease, cancer, and accident prevention—initiatives which also promise to reduce health problems—and health bills—for older persons.

RADIO ADDRESS ON OLDER AMERICANS—OCTOBER 30, 1972

In addition, H.R. 1 will pay a special minimum benefit of $170 per month to 150,000 older persons who worked for long years at low wages. Men who retire at 62 will also be helped. Medicare coverage will be extended to cover 100 percent and not just 80 percent of home health services, and to cover more of the cost of nursing home care, to pay for kidney transplants, chiropractors, and other services formerly not covered at all, and to cover disabled Americans of all ages. The patient's fees for Part B of Medicare will be limited. And steps will be taken to increase the quality and the appropriateness of services, which are paid for, by Medicare and Medicaid.

Altogether, H.R. 1 will improve the income position of millions of older Americans. That, in my judgment, is the best way to help older people—by providing them with more money so they can do more things for themselves.

SPECIAL MESSAGE TO THE CONGRESS PROPOSING A COMPREHENSIVE HEALTH INSURANCE PLAN—FEBRUARY 6, 1974

IMPROVING MEDICARE

The Medicare program now provides medical protection for over 23 million older Americans. Medicare, however, does not cover outpatient drugs, nor does it limit total out-of-pocket costs. It is still possible for an elderly person to be financially devastated by a lengthy illness even with Medicare coverage.

I therefore propose that Medicare's benefits be improved so that Medicare would provide the same benefits offered to other Americans under Employee Health Insurance and Assisted Health Insurance.

Any person 65 or over, eligible to receive Medicare payment, would ordinarily, under my modified Medicare plan, pay the first $100 for care received during a year, and the first $50 toward outpatient drugs. He or she would also pay 20 percent of any bills above the deductible limit. But in no case would any Medicare beneficiary have to pay more than $750 in out-of-pocket costs. The premiums and cost sharing for those with low incomes would be reduced, with public funds making up the difference.

The current program of Medicare for the disabled would be replaced. Those now in the Medicare for the disabled plan would be eligible for Assisted Health Insurance, which would provide better coverage for those with high medical costs and low incomes.

Premiums for most people under the new Medicare program would be roughly equal to that which is now payable under Part B of Medicare—the Supplementary Medical Insurance program.

ADDRESS BEFORE A JOINT SESSION OF THE CONGRESS REPORTING ON THE STATE OF THE UNION—JANUARY 19, 1976

Hospital and medical services in America are among the best in the world, but the cost of a serious and extended illness can quickly wipe out a family's lifetime savings. Increasing health costs are of deep concern to all and a powerful force pushing up the cost of living. The burden of catastrophic illness can be borne by very few in our society. We must eliminate this fear from every family.

I propose catastrophic health insurance for everybody covered under Medicare. To finance this added protection, fees for short-term care will go up somewhat, but nobody after reaching age 65 will have to pay more than $500 a year for covered hospital or nursing home care, nor more than $250 for 1 year's doctor bills.

We cannot realistically afford federally dictated national health insurance providing full coverage for all 215 million Americans. The experience of other countries raises questions about the quality as well as the cost of such plans. But I do envision the day when we may use the private health insurance systems to offer more middle-income families high quality health services at prices they can afford and shield them also from their catastrophic illnesses.

Using resources now available, I propose improving the Medicare and other Federal health programs to help those who really need protection—older people and the poor. To help States and local governments give better health care to the poor, I propose that we combine 16 existing Federal programs, including Medicaid, into a single $10 billion Federal grant.

Funds would be divided among States under a new formula, which provides a larger share of Federal money to those States that have a larger share of low-income families.

[….]

REMARKS AT A NEWS BRIEFING ON THE FISCAL YEAR 1977 BUDGET— JANUARY 21, 1976

Q: Mr. President, last night you placed great emphasis on your proposal to crank into the Medicare program the catastrophic insurance plan, which would cost an additional $538 million. But in this morning's documents, I note that this would be more than offset by taking from Medicare recipients $1.8 billion and from providers of health services, about close to another billion dollars so that the net for Medicare is actually reduced by $2.2 billion.

My question is, do you feel you leveled with the medical profession and the Medicare recipients last night when you told them only about the sweetener and not about the bitter pill?

THE PRESIDENT: Let me remind you that you ought to go back and read my statement. I said in the statement there will be a slight increase in the fees. It is in the sentence where I referred to the $500 and $250.

Now, let's talk about the facts. Under the present situation, where a person under Medicare goes into the hospital, that individual in effect gets 60 days free care. After 60 days, that person bears the total financial burden.

Under my plan, which I think is the soundest, the person pays 10 percent of the hospital care costs up to a total of $500. After $500 the individual pays nothing, and after $250 for physician care the individual pays nothing.

What we are trying to do is help the 3 million people who are today affected very adversely by catastrophic illness, 3 million out of 25 million.

The financial burden, the mental fear and apprehension of the individual who is hurt by a catastrophic illness is really extremely serious. And in order to protect those 3 million people who have no hope, none whatsoever, of protecting themselves after they are afflicted, we think is the right group to concentrate on. And we feel that we can redistribute the financial burden across the 25 other million people in order to protect those 3 and all of those who might in the future be affected.

[….]

Q: Mr. President, I wanted to follow up on the bitter pill question about Medicare. As it stands now, under Medicare you get $104 Medicare—there is a $104 deductible for the first 60 days. That is my understanding of it. But under your plan it would be 10 percent of that in that first 60 days.

I checked with Social Security Medicare and your people up in Baltimore, and it turns out the average stay for a Medicare patient is 12 ½ days. Using your formula, instead of getting $104 in a Medicare payment for that first 60 days, you would get almost $240. Is that your understanding, that this would be an upfront cost to Medicare recipients, that they would have a doubling of cash out of their pocket?

THE PRESIDENT: I can't recall the precise figures, but as I said last night, there is an increase in the front-end costs—but the 3 million people who are saved from the horrendous costs of catastrophic illness are protected.

And anyone who has known a family or had someone in a family who had catastrophic care problems knows that that is the worst thing that could possibly happen. And we think a redistribution of the costs for the people who are relatively well compared to those who are bedridden for months and months and months is the proper approach.

[….]

Q: Mr. President, I have a two part question. One, a lot of people—poor people, rightly or wrongly—are depending on Medicaid to pay their doctor bills. What will happen in States without that social responsibility that Governor Rockefeller talks about when they decide not to match the Federal payment with the State money? And secondly, in States such as New York, when the Medicare gives out, people go over onto Medicaid and this is a de facto catastrophic illness plan. What is the improvement here?

THE PRESIDENT: I don't believe that the public in any State will permit a State legislature or a Governor from failing to meet their responsibilities. They have the same public interest and pressure on them that the Congress does. The record is good and the money that we plan to give to the States in the health consolidation program is $10 billion in fiscal 1977, it goes to $10 ½ billion in fiscal 1978, and to $11 billion in fiscal 1979. We are showing our responsiveness. And I believe that States will respond, as their citizens want them to.

Now, on the question of going from Medicaid to Medicare—or Medicare to Medicaid. Under the catastrophic program that I have, the individual has no reason to do so—none whatsoever.

[….]

Q: Mr. President, in your Medicare program you suggest that you are going to limit Medicare payment increases to 7 percent for hospitals and 4 percent for physicians. The medical profession has not been known for limiting their increases. If they ignore this plea, will the burden go on to the recipient, and will they be over the maximum amount that we have been told they would pay in catastrophic?

THE PRESIDENT: That limit of 7% increase on hospitals and nursing care homes and the 4% limit on physician fees applies only to those programs where the Federal Government pays the hospital, the nursing home, or the physician. And I believe that a physician or a hospital, under those programs, can't charge extra where the Federal Government has the principal responsibility.

David or Paul?

SECRETARY MATHEWS: Roughly, the theory that we are operating on here is that the—if you look, as everybody knows, at the costs in health care delivery, they are running well above any of the other inflationary costs—some figures up to 40 percent. And these are two remedies that would seek to restrain that cost. But we are obviously operating on the assumption that there can be some moderation both in hospital fees and in doctors' fees in this case.

THE PRESIDENT: Paul, do you want to add anything?

PAUL H. O'NEILL [Deputy Director of the Office of Management of Budget]: Yes, perhaps one thing. Under the Medicare program now and under this new proposed legislation, a doctor or a hospital, if they agree to accept assignment—that is to say, if they agree to work directly with the Medicare program—they must agree to accept the fees without any further billing to the patients. They do, of course, have the ability, if they wish to take advantage of it, not to deal directly with the program, but rather to deal directly with the patient. But I don't think we would expect the doctors and hospitals to turn down so-called assignments under these new provisions.

REMARKS ON GREETING MEMBERS OF THE LEGISLATIVE COUNCIL OF THE NATIONAL RETIRED TEACHERS ASSOCIATION AND THE AMERICAN ASSOCIATION OF RETIRED PERSONS—JANUARY 21, 1976

The second point I addressed, I think of some interest to you, and that is how we are going to handle the problem of catastrophic illnesses. Approximately 24 to 25 million people today are receiving Medicare benefits. The statisticians tell me that roughly 3 million of that 24 to 25 million are affected by catastrophic illnesses today, and everybody knows that very few people in our society today can carry the burden of catastrophic illness.

And in order to ensure that the retired people are covered, I am recommending some changes in Medicare. Under existing Medicare arrangements, a person gets the first day free, and up to 60 days there is a small payment. But after 60 days, there is an obligation both as to hospital or nursing home care and doctor bills.

Under the proposal that I have recommended, the first day of care will be free and there will be a small charge of 10 percent of the cost of nursing home and hospital care up to 60 days. But after a $500 payment is made per year, that is it. There is no payment after $500.

And in the case of doctors' bills, the limit per year is $250. We would increase the deductible from $60 to $77 and a limit of $250 per year. This will give that catastrophic illness coverage to all people who are currently under Medicare, some 25 million.

I think these are steps in the right direction. They take care of the problems of inflation. They give the trust fund the security and the integrity that is required, and most of all, it handles the problem of catastrophic illness, which, I know from experiences in families that are close to me, is a burden that few, if any, in our society can take care of.

I hope and trust that we can count on the support of all of you and your respective organizations. It will help to make, in my opinion, a better opportunity for enjoyment of life for our senior citizens.

Thank you very much.

I believe that the prompt enactment of all of these proposals is necessary to maintain a sound Social Security system and to preserve its financial integrity.

Income security is not our only concern. We need to focus also on the special health care needs of our elder citizens. Medicare and other Federal health programs have been successful in improving access to quality medical care for the aged. Before the inception of Medicare and Medicaid in 1966, per capita health expenditures for our aged were $445 per year. Just eight years later, in FY 1974, per capita health expenditures for the elderly had increased to $1218, an increase of 174 percent. But despite the dramatic increase in medical services made possible by public programs, some problems remain.

There are weaknesses in the Medicare program, which must be corrected. Three particular aspects of the current program concern me: 1) its failure to provide our elderly with protection against catastrophic illness costs, 2) the serious effects that health care cost inflation is having on the Medicare program, and 3) lack of incentives to encourage efficient and economical use of hospital and medical services. My proposal addresses each of these problems.

In my State of the Union Message I proposed protection against catastrophic health expenditures for Medicare beneficiaries. This will be accomplished in two ways. First, I propose extending Medicare benefits by providing coverage for unlimited days of hospital and skilled nursing facility care for beneficiaries. Second, I propose to limit the out-of-pocket expenses of beneficiaries, for covered services, to $500 per year for hospital and skilled nursing services and $250 per year for physician and other noninstitutional medical services.

This will mean that each year over a billion dollars of benefit payments will be targeted for handling the financial burden of prolonged illness. Millions of older persons live in fear of being stricken by an illness that will call for expensive hospital and medical care over a long period of time. Most often they do not have the resources to pay the bills. The members of their families share their fears because they also do not have the resources to pay such large bills. We have been talking about this problem for many years. We have it within our power to act now

so that today's older persons will not be forced to live under this kind of a shadow. I urge the Congress to act promptly.

Added steps are needed to slow down the inflation of health costs and to help in the financing of this catastrophic protection. Therefore, I am recommending that the Congress limit increases in medicare payment rates in 1977 and 1978 to 7% a day for hospitals and 4% for physician services.

Additional cost sharing provisions are also needed to encourage economical use of the hospital and medical services included under Medicare. Therefore, I am recommending that patients pay 10% of hospital and nursing home charges after the first day and that the existing deductible for medical services be increased from $60 to $77 annually.

The savings from placing a limit on increases in Medicare payment rates and some of the revenue from increased cost sharing will be used to finance the catastrophic illness program.

I feel that, on balance, these proposals will provide our elder citizens with protection against catastrophic illness costs, promote efficient utilization of services, and moderate the increases in health care costs.

[….]

SPECIAL MESSAGE TO THE CONGRESS URGING ACTION ON PENDING LEGISLATION—JULY 22, 1976

CATASTROPHIC HEALTH PROTECTION

MEDICARE IMPROVEMENTS OF 1976

The proposed “Medicare Improvements of 1976” is designed to provide greater protection against catastrophic health costs for the 25 million aged and disabled Americans eligible for Medicare. An estimated 3 million beneficiaries would pay less in 1977 as a result of the proposed annual limits of $500 for hospital services and $250 for physician services. The legislation would also provide for moderate cost sharing for Medicare beneficiaries to encourage economical use of medical services and would slow down health cost inflation by putting a limit on Federal payments to hospitals and physicians.

"ASK PRESIDENT CARTER"—REMARKS DURING A TELEPHONE CALL-IN PROGRAM ON THE CBS RADIO NETWORK—MARCH 5,1977

MEDICARE; HEALTH CARE COSTS

MRS. HELEN HELLER: Thank you for this opportunity to talk to you.

My question concerns the medicare program. Does HEW have any plan to reevaluate this program with the possibility of extending benefits to senior citizens so as to reimburse them for things like needed dental care, eyeglasses, and/or medications? The cost of these items are so often beyond our fixed social security income, and yet they're vital necessities to us.

THE PRESIDENT: Yes, ma'am. Those things are all under consideration. We are now in the process of reorganizing the internal structure of the Department of Health, Education, and Welfare, so that we can put the financing of health care under one administrator. This will help a great deal to cut down on the cost of those items for people like yourself. Also, we are freezing the amount of money that you have to pay for medicare this coming year, although the price of health care has gone up about 15 percent a year the last few years. We are trying to prevent your monthly payments from going up for this coming year.

MRS. HELLER: That is good.

THE PRESIDENT: Additionally, we have introduced into the Congress a bill that would hold down hospital costs and try to prevent health care costs from going up faster than other parts of our economy. There's been a great deal of maladministration or poor administration of the health costs.

I hope that over a period of years—and it's not going to come easily—that we can have a comprehensive health care plan in our country. It will be very expensive, but the first step has got to be to bring some order out of chaos in the administration of the health problems we have already got, and to help poorer people like, perhaps, yourself—I don't know what your income is—be able to prevent rapidly increasing costs of programs like medicare.

So, we are at least freezing your medicare costs, if the Congress goes along with our proposal, and over a period of years we'll try to expand the coverage of the health care services for all citizens like you.

MRS. HELLER: Well, thank you very much, Mr. President.

THE PRESIDENT: Thank you, ma'am.

MEDICARE—MEDICAID ANTI-FRAUD AND ABUSE AMENDMENTS—OCTOBER 25, 1977

We seem to have some happy people here today.

As most of you know, I was Governor for 4 years and later spent 2 years campaigning around the country to be elected President. I think one of the greatest problems that we have in this Nation is a distrust of government and its ability to administer programs of great benefit to our people in an honest and efficient way.

Perhaps one of the most sensitive issues is in health care. We have seen the cost of a day's stay in the hospital increase since 1950 more than 1,000 percent. The cost of hospital care is going up a hundred percent, doubling every 5 years.

At the same time, we see highly publicized instances when the Medicaid and Medicare programs in recent years have been shot through with fraud. This was one of my frequent campaign comments. And I'm very proud today to sign into law a bill that has been evolved with close cooperation between the executive branch of Government, particularly HEW, and the House and Senate.

This bill will go a long way to eliminating fraud in the administration of the health care programs of our country. It will shift to heavier penalties for those who are convicted of false claims, kickbacks—changing these from misdemeanors to felonies—and also prohibiting those who are convicted of this crime from delivering any services in the future.

This legislation also permits—in fact, requires—the Department of HEW to set up both simplified and also standardized forms for reporting the delivery of services in the health care field and also the charging for those services.

In the past it's been quite difficult, as you know who have watched the evening news, to determine exactly who owns the health provider entities that deliver health care and quite often conceal who is responsible when a violation of the law does exist. This legislation requires that anyone who owns as much as 5 percent in a health provider company or hospital or health care center must reveal their identity to the public.

We have included also in this bill an allocation of aid funds to establish among the States, or within each individual State, a fraud unit to detect and to root out and to prevent fraud from continuing. And this bill also provides more effective use of the PSRO's, or the professional standards review organizations, that are designed to let health care providers themselves monitor their own activities and their own efficiency of operation.

The overwhelming majority of doctors and hospital and nursing home administrators are honest, patriotic, and deeply dedicated to giving good health care according to the law and in the best interests of their patients. And we want to make sure that they who are honest can have a more efficient means by which they can patrol or monitor their own professions.

I'm very thankful today to sign into law the House of Representatives bill number 3. And I want to congratulate Danny Rostenkowski and Paul Rogers and Senator Talmadge and their fellow workers in the Congress behind me for having been so successful in passing this bill.

We hope, without too much delay, to have a hospital cost containment legislation passed as well. All these men and their committees are working on this. And I hope, certainly early next year, we might get this additional law on the books.

But this is a major step forward. And as I sign this legislation, it's with a great deal of gratitude to them for their fine leadership in moving our Nation one step forward toward better health care, more efficient for the taxpayers, and with a restoration of the confidence in our government that is so well deserved.

[At this point, the President signed H.R. 3 into law.]

Thank you very much. I made it.

RURAL HEALTH CLINIC SERVICES BILL—STATEMENT ON SIGNING H.R. 8422 INTO LAW—DECEMBER 13, 1977

But there has been a major obstacle to the healthy growth of these clinics in the areas that need them: That is the failure of public and private health insurance programs to support them. The legislation I am signing today will correct this defect in our public health insurance programs, by requiring that the Medicare and Medicaid programs pay for the services of physician assistants and nurse practitioners in clinics in rural areas without adequate care. This reform will guarantee greater financial stability for clinics already in existence and help establish new clinics where they are needed most.

AMENDMENTS TO THE MEDICARE RENAL DISEASE PROGRAM—STATEMENT ON SIGNING H.R. 8423 INTO LAW—JUNE 13, 1978

For the 40,000 Americans suffering from the severe disorder known as end-stage renal disease, kidney dialysis and transplantation are essential and life-saving services. But until now, Federal policies have encouraged these patients to rely upon institutionally based dialysis, which is more expensive than other approaches, such as transplantation and home based dialysis, and which may be less medically desirable. The important legislation I am signing today, H.R. 8423, changes Federal reimbursement policies to enable patients who are suitable candidates for transplantation or home based dialysis to receive these treatments.

This legislation complements other initiatives designed to control soaring health care costs while maintaining the quality of care, such as the hospital cost containment bill now pending before several committees of the Congress. I will continue to work with the Congress to assure more efficient health care for the American people.

NATIONAL HEALTH PLAN—REMARKS ANNOUNCING PROPOSED LEGISLATION—JUNE 12, 1979

THE PRESIDENT: Today I'm proposing to the Congress a National Health Plan. This major initiative will meet the most urgent needs in health care of the American people in a practical, cost-efficient, and fiscally responsible manner. It will provide health care for millions of Americans and protect our people against the overwhelming financial burdens of major illness.

It's been 30 years since President Harry Truman proposed access to quality health care as a basic right for Americans, and it's been nearly 15 years since the Congress enacted legislation establishing Medicaid and Medicare. Now is the time to move forward again.

I challenge all those who are concerned about health and financial security of the American people to rise above the differences that have created stalemate for the last 30 years, and act now, this year. No American should live in fear that serious illness or accident will bring bankruptcy or a lifetime of debt. Yet today 80 million Americans are unprotected against catastrophic medical costs. Millions more may lose their health insurance through unemployment or because of the death of a parent or a spouse. The National Health Plan will rid this Nation of the fear of financial ruin from catastrophic illness.

No American should be deprived of a right for health services or be discouraged about obtaining medical treatment because of poverty. The National Health Plan will extend comprehensive coverage, a full range of medical and hospital care, to almost 16 million low-income Americans for the first time. No elderly American should be forced to depend on charity when Medicare hospital coverage reaches its limits or face unlimited out-of-pocket expenses for medical care. The National Health Plan guarantees adequate hospital coverage for the elderly and for the disabled, caps their out-of-pocket expenses, and requires physicians to accept Medicare payments as full payment for coverage of covered services.

No newborn child in America should be denied a chance for a full and productive life because of a lack of needed health service care. Our infant mortality rate is one of the highest in the industrialized world. My plan will provide prenatal, delivery, and infant care to all pregnant women and newborn children up to the age of 1 year.

And no American taxpayer should be forced to foot the bill for waste, fraud, and inefficient administration. The National Health Plan will establish Healthcare, a new Federal program consolidating Medicare and Medicaid into a single administrative unit. Through good management practices, the National Health Plan will curb waste, will eliminate duplication and abuse, and encourage competition.

A strong and effective health system absolutely requires establishment of cost containment measures far more effective than we have today. The American people now spend more than 9 percent of our gross national product on health services, $200 billion a year. Hospital costs are rising $1 million per hour, 24 hours a day, 365 days a year. It's time to draw the line on skyrocketing hospital costs.

For 2 years, now, I've asked Congress for hospital cost containment legislation. That bill alone will save Americans $53 billion over the next 5 years. I've had the support of key congressional leaders, including those here today. Congress must enact a strong hospital cost containment bill if the National Health Plan is to become a reality.

A truly comprehensive health program is among the great-unfinished items on our Nation's social agenda. The National Health Plan I'm submitting today establishes the framework and creates the momentum for reaching that long sought goal. This plan meets urgent national needs. No longer will the elderly find the benefits of Medicare illusory when they are most needed. No longer will working families live in fear of catastrophic medical expenses. No longer will millions of the poor be forced to depend only on emergency rooms or charity hospitals for basic care, or do without health care altogether. No longer will low-income women be forced to bring their children into the world with inadequate medical care or help.

There are those who sincerely believe that we must insist upon a full-scale, comprehensive plan enacted all at once. The idea of all or nothing has been pursued now for almost three decades. But I must say in all candor that no child of poverty, no elderly American, no middle-class family has yet benefited from a rigid and unswerving commitment to this principle or all or nothing. The National Health Plan that I proposed will provide millions of our people—men, women, and children—with better health, greater economic security, and more productive, dignified, and hopeful lives. The American people have waited long enough. I call on the Congress to act without delay.

I might say that the Healthcare plan has been evolved through careful consultation with key congressional leaders and with representatives of American organizations and groups over the last few months. Today we have many of those congressional leaders represented here, with the leadership of crucial committees, and I'd like to call on a few of them to say a work at this time.

First, in the House, I'd like to ask Jim Corman and Chairman Charlie Rangel to say a word, and then I'll call on others after them.

Jim?

REPRESENTATIVE CORMAN: Thank you, Mr. President.

As you know, some of us have worked long and hard for a national health security system. This is a very constructive first step. For the first time, it acknowledges the fact that regardless of whether they're rich or poor, women expecting children and babies, and hopefully in later years, older children, will have universal coverage. We'll see if that works. If it does, we have something to build on. And I'm delighted and honored to support the program.

THE PRESIDENT: Thank you, Jim.

REPRESENTATIVE RANGEL: Thank you, Mr. President.

I'm pleased to be here with such distinguished colleagues in government. It is true that we have been rather stubborn in trying to get our way for bills that we thought were in the best interests of the American people. But I think by seeing the leadership and the sponsors of your legislation here today, that it means that we can no longer afford the purity of our position at the expense of our aged and our youngsters, and we're looking forward in the Subcommittee on Health in Ways and Means in getting this before our committee as soon as possible.

And I personally am pleased that my colleague on that subcommittee, Jim Corman, that has a constituency of his own, will be joining with me in the sponsorship of the bill.

THE PRESIDENT: Now Congressman Harley Staggers, the chairman of the commerce committee in the House.

REPRESENTATIVE STAGGERS: Mr. President, my colleagues, ladies and gentlemen:

I'm happy to be here on this really momentous occasion, and to congratulate you, Mr. President, for having the courage to bring for a bill now, because it's been, as you said, proposed back in Harry Truman's time. And each President since that time has talked about it. This is the first instrument that I've seen that a President has brought to the Hill. And I congratulate you on your vision and your courage for doing it.

And I would say that in this bill is something that I've believed in and talked so much about, is the fact of prevention of disease. I've said that so many times we wait until somebody gets sick, and then we want to get the cure. Let's try to keep them, as you do in this bill, try to keep them from getting sick.

I think prevention is the greatest thing that we've missed all down through the centuries, instead of healing. We need healing, this is true; people are bound to get sick. And this is an instrument of healing and of mercy to the people of the land, and I congratulate you again.

THE PRESIDENT: I think you know that in both the House and Senate, there is duality or more of responsibility for health care. The commerce committee and the Ways and Means Committee in the House will be the instrumental ones in actually getting legislation passed. In the Senate, of course, the Finance Committee and the health care committee will have the same responsibility.

We are fortunate to have Senator Russell Long here, who will be holding hearings very shortly. He can outline his exact schedule for you. But I think the fact that we have a broad range of support, as exhibited here on the platform with me, is a good indication that we mean business. We intend to have the health care plan passed and implemented for the benefit of the American people after so many decades of delay.

I'd like to ask Senator Russell Long to comment, if you will.

SENATOR LONG: Thank you, Mr. President.

It was my privilege to be the committee chairman and the Senate floor manager for the last big breakthrough in the health area. I refer to the bill that gave us Medicare and Medicaid. I applaud the President for

the breakthrough that is implicit in what he has done here in providing leadership from the White House to move us a very long stride forward in better health legislation.

We on the Finance Committee will study the President's recommendation. We'll add some of our own. We'll try to take the best that he has to offer and the best that we can offer and bring the Senate a bill.

He's familiar with my views, and I think I'm familiar with the President's views. I would hope that we can join together in bringing better health care to the people even more rapidly than the President has in mind. It's my hope that we can move some of those dates forward, that some of the most urgent care that we'd like to see provided for the American people, that they're not now getting, will start next year, in 1980.

Of course, all these things are negotiable. We want to work with the President. I'm confident he'll work with us, and we're very happy about this day.

THE PRESIDENT: Russell, when do you think hearings might be starting?

SENATOR LONG: Well, we're already meeting on some parts of what you're recommending, Mr. President. We called off a meeting today to come here and talk to you. [Laughter] We were going to be meeting on cost containment this morning, but we'll be back at it tomorrow morning.

THE PRESIDENT: Very good. We'll let you hurry back and go to work.

SENATOR LONG: You can't ask for much more prompt service than that. [Laughter]

THE PRESIDENT: Senator Abe Ribicoff, who's worked for many years in the Senate for better health care.

SENATOR RIBICOFF: Mr. President, I think this is doable this year. It can only be done if the main actors will cooperate. And the main actors are the President of the United States, Senator Long, and Senator Kennedy. As I analyze the three proposals, there are so many similarities that there is no reason why the main parties involved—the

President, Senator Long, and Senator Kennedy—can't compromise their difference and work this out.

In a speech on the Senate floor, I pointed out the similarities. There is rhetoric, there is controversy, there is politics on this issue that affects every person in the United States. But when you consider the similarities, the controversy can be submerged. And I believe the controversy will be submerged and we should be able to pass national health insurance this year.

THE PRESIDENT: Thank you very much. That's a good statement, and I agree with you.

Gaylord Nelson, who's helped us so much with hospital cost containment, and also with the broader aspects of health care.

SENATOR NELSON: Mr. President, as so often has been my fate throughout history in politics, I'm called upon to say something when everything else has been said. [Laughter]

Let me say, Mr. President, I wish to join the others here in commending you for moving forward with a health insurance plan. I think it is absolutely necessary that we have Presidential leadership in order to get things moving, because there are as many plans as there are Members of Congress.

We're going to have to seek to reach a common agreement on proceeding to bring to the people of this country a sound and efficient health care insurance program, and you have taken a major step in the leadership position of coming forward with a proposal. And I join the chairman of the Finance Committee in saying that I know that we are prepared in that committee to proceed expeditiously to give consideration to the pending legislation, this one and others that are before the committee, and, I would hope, report legislation yet this year.

THE PRESIDENT: I think Senator Ribicoff expressed my feelings very clearly. For many years, the obstacle to progress was the wide disparity in concepts of what health care should be. But now there's a broad range of consensus.

I'm determined to see this legislation passed and to have it be advantageous for the poor people who are presently deprived of health care at all; the elderly, who have a genuine fear of dependence upon

Medicare because benefits run out or because their costs are too high; mothers, or prospective mothers, who have the great responsibility of bringing a child into the world without adequate prenatal or postnatal care; and the average American family who can be wiped out financially by a catastrophic illness—these categories of Americans have waited too long for action. And now with a concerted effort by myself and my whole administration, the leaders in the House and Senate who have been long impatient about inaction, and the full support of the American people, we will have success this year.

Now Secretary Joe Califano and Stu Eizenstat will be glad to answer questions on the specific nature of the proposal for the press. And we will now ask the Senators to go back to the Finance Committee and pass hospital cost containment—[laughter]—to clear the decks for this broader coverage consideration in the very near future.

Thank you very much.

NATIONAL HEALTH PLAN—MESSAGE TO CONGRESS ON PROPOSED LEGISLATION—JUNE 12, 1979

To the Congress of the United States:

Today I am proposing to the Congress a National Health Plan. This major new initiative will improve health care for millions of Americans and protect all our people against the overwhelming financial burdens of serious illness.

It has been 30 years since President Truman challenged Congress to secure for all Americans access to quality health care as a matter of right. It has been nearly 15 years since the Congress, responding to the leadership of Presidents Kennedy and Johnson, finally enacted Medicare and Medicaid. Now, after a decade and a half of inaction, it is time to move forward once again.

I have consulted with the Congress, with consumers, with leaders of labor, management, and the health care industry, and have carefully weighed every option. My proposal is practical, premised on effective cost controls, and consistent with sound budget practices. It will:

• protect all Americans from the cost of catastrophic illness or accident
• extend comprehensive health coverage to almost 16 million low-income Americans
• provide coverage for prenatal, delivery, postnatal, and infant care, without cost sharing
• establish Healthcare, which will provide more efficient Federal administration of health coverage for the poor and the elderly
• reform the health care system to promote competition and contain costs
• create both the framework and the momentum for a universal, comprehensive national health plan.

PROTECTION FROM CATASTROPHIC EXPENSES

No American should live in fear that a serious illness or accident will mean bankruptcy or a lifetime of debt. Yet today over 80 million Americans are unprotected against devastating medical costs, and millions more can lose the protection they now have because of unemployment or the death of a working spouse.

This National Health Plan will protect every American from the serious financial burden caused by major illness and injury. All employers will

provide catastrophic coverage for full-time employees and their families, with subsidies to ease the burden on small businesses. No family will be required to pay more than $2500 for medical expenses in a single year. Americans who are not covered elsewhere can obtain affordable catastrophic coverage from a special Federal program. Under this special program, no one will be denied coverage because he or she is labeled a “bad medical risk.”

EXPANDED BENEFITS FOR THE ELDERLY

The cost of health care falls most cruelly on America’s older citizens who, with reduced incomes, have the highest medical expenses. Because Medicare places limits on hospital days and places no ceiling on out-of-pocket expenses, serious illness threatens senior citizens with loss of their homes and their life savings. Under the National Health Plan, the elderly will have unlimited hospital coverage and will be required to pay no more than $1250 for medical expenses in a single year.

Today, the elderly also face heavy financial burdens because physicians increasingly charge more than the Medicare fee. Under the National Health Plan, physicians would be prohibited from charging elderly patients more than the allowable fee.

IMPROVED PROGRAM FOR THE POOR

The National Health Plan also provides expanded benefits for the poor. The Plan will extend comprehensive coverage—full physician, hospital and related services—to all Americans with incomes below 55% of poverty ($4200 for a family of four). In addition, persons with incomes above 55% of poverty will be able to “spend–down” into comprehensive coverage if their medical expenses in a given year reduce their income to the eligibility level. A family of four with an income of $4500, for example, will be covered after $300 of medical expenses. Under these provisions, 15.7 million poor people, including 1.2 million elderly, will receive comprehensive coverage for the first time.

Today the existence of 53 separate State and territorial Medicaid programs impedes efficient management. Under the National Health Plan, the administration of programs for the poor and the elderly will be significantly upgraded by the creation of a single new Federal program—Healthcare. Healthcare will improve claims processing,

reduce error rates in eligibility determination, and facilitate detection of fraud and abuse.

HEALTH SERVICES FOR MOTHERS AND INFANTS

Prevention is the best way to eliminate the suffering and cost of illness, and one of the most effective preventive health measures we can take is to assure health care for expectant mothers and infants. We have been far too slow to learn this lesson. Our infant mortality rates are higher than those of eleven other nations. This inexcusable record can and will be corrected.

Under the National Health Plan, employers will provide employees and their families with coverage for prenatal care, delivery, and infant care to age one, without any cost sharing. A high priority in future years must be to expand this coverage to include children up to age six. The employer provisions of the Plan, combined with the Child Health Assurance Plan I have already proposed for low-income expectant mothers and children, will assure that no newborn child in this country will be denied the chance for a full and productive life by the high costs of health care.

EXTENDED INSURANCE COVERAGE

Today, many employees and their families suddenly lose all health coverage when the employee is laid off or is between jobs. Under the National Health Plan, employer–based insurance policies will be required to maintain coverage for 90 days after employment ends. In addition, employer–based policies will be required to maintain family coverage for 90 days after an employee's death, and to cover dependents until age 26.

COST CONTAINMENT

A renewed emphasis on cost containment must accompany new health benefits. The American people now spend over 9% of the Gross National Product on health services—$200 billion a year. Hospital costs in America are rising $1 million an hour, 24 hours a day. It is time to draw the line.

The National Health Plan is premised on passage of strong hospital cost containment legislation, which will save the American people $53 billion over the next five years, including $28 billion in Federal, State, and local expenditures. The Nation cannot afford expanded coverage

without hospital cost containment legislation. In addition, my National Health Plan proposes a $3 billion annual limit on hospital capital expenditures. This Nation cannot support more duplicative facilities and more unnecessary equipment. We must not add to the 130,000 excess hospital beds we now have. We must and we will insure that needed extensions in coverage do not become the excuse for further waste.

This Plan will also provide for a mandatory fee schedule for physicians who serve Healthcare patients. The fee schedule will curb excessive inflation in physician fees and will reduce the disparity in fees paid to rural physicians as compared to urban physicians, and primary care physicians as compared to specialists. Over time, the new fee schedule will help produce a better geographic distribution of physicians and increase the availability of primary care services.

The Healthcare fee schedule will provide a model for private health insurance plans. Private plans will publish the names of physicians who agree to adhere to the Healthcare fee schedule for all their patients. To assure that Blue Shield and similar organizations reexamine their physician reimbursement policies, the Plan will prohibit physician domination of the governing boards of these organizations.

INCREASED COMPETITION

Competition has been weak in the health care industry because a very high percentage of costs are paid by third parties, and because patients generally cannot determine or shop for the services they need. In recent years, however, health maintenance organizations (HMOs) have injected important competitive forces into the health care system. The National Health Plan will encourage further competition by giving employees and Healthcare beneficiaries new financial incentives to enroll in HMOs or other cost-effective health plans.

Employers will be required to make equal contributions to the various health plans they offer their employees. Employees who choose more cost-effective plans will either pay lower premiums, receive additional compensation, or receive expanded health benefits.

The Healthcare program will pay a fixed amount on behalf of elderly beneficiaries who choose who choose to enroll in HMOs. If the HMO can provide the standard Healthcare benefit package for less than the fixed amount, it must offer additional health benefits to the patient.

The Plan also promotes competition by requiring Healthcare to use competitive bidding to select private companies to perform claims processing and related functions. Demonstration projects by the Department of Health, Education, and Welfare have shown that this change will produce significant administrative savings.

FRAMEWORK FOR A COMPREHENSIVE PLAN

A universal, comprehensive national health insurance program is one of the major unfinished items on America's social agenda. The National Health Plan I am proposing today creates both the framework and the momentum to reach that long sought goal. In future years, the Plan can be expanded to include all low-income persons. Employer coverage can be made more fully comprehensive, with subsidies to ease the burdens on small businesses. First-dollar coverage for preventive services can be extended throughout early childhood. I am today sending to the Congress an outline of a fully comprehensive plan, which builds upon the significant health care improvements, that I am asking the Congress to enact this session.

Consistent with current budgetary constraints, new Federal spending for the National Health Plan will not begin until FY '83. When the Plan is fully implemented, the Federal budget cost in 1980 dollars will be 18 billion and the premium costs to employers and employees will be $8 billion. A substantial portion of these expenditures reflect reduced out–of–pocket expenses for individuals and reduced spending by State and local governments for their health programs. These expenditures are a social investment in the future of our children, the economic security of our elderly, and the well–being and peace of mind of all Americans. They are an investment in a more effective and efficient health care system. Over time, the Plan's emphasis on prevention, competition, and cost containment will reap important dividends for our Nation and its people.

I urge the Congress not to lose this precious opportunity for progress. The real needs of our people are not served by waiting and hoping for a better tomorrow. That tomorrow will never come unless we act today. The National Health Plan I propose will provide millions of our citizens with better health, greater economic security, and more productive, dignified, and hopeful lives. The American people have waited long enough. I call on the Congress to act without delay.

JIMMY CARTER

The White House
June 12, 1979

HARTFORD, CONNECTICUT—REMARKS AND A QUESTION AND ANSWER SESSION AT THE NATIONAL ISSUE FORUM OF THE NATIONAL RETIRED TEACHERS ASSOCIATION AND THE AMERICAN ASSOCIATION OF RETIRED PEOPLE—SEPTEMBER 12, 1979

Q: Mr. President, I'm Marcella Spigelmire, president of the Maryland Retired Teachers Association. I'm from Baltimore, Maryland. Having filed many Medicare forms for myself and my relatives, and always wishing afterward that I had the foresight to select a doctor who would accept the assignment and whose fees met the requirements of being not greater than reasonable and proper, I wonder if you have anything in your plan to alleviate the redtape and rigidity of the present requirements.

THE PRESIDENT: Yes. The whole plan is designed to minimize the red tape and rigidity, because now there are so many different, nonrelated facets of health care. Each person, almost, in our country, each small group of people in our country are in a separate category, and much of that paperwork is designed to identify or to define a person's right for coverage.

The reason that we put forward this comprehensive plan to the Congress is so that as it's phased in, each broad class of people would be completely covered. There would be a minimum amount of paperwork—I would hope no more than you experience with your social security, routine payments. And this is what we hope for, and I believe that we can achieve that.

Q: Thank you, Mr. President.

THE PRESIDENT: Thank you. The comprehensive nature will help to decrease the paperwork.

HOSPITAL COST CONTAINMENT LEGISLATION—LETTER TO THE MEMBERS OF THE HOUSE OF REPRESENTATIVES—NOVEMBER 13, 1979

You will have an opportunity this week to help our fight against inflation by passing Hospital Cost Containment legislation that can save Americans more than $40 billion over the next five years. I urge you to join in this effort.

For more than two years, the Congress has been considering cost containment legislation. Many legitimate concerns have been raised by Members as well as by the hospital industry. Recently, the Ways and Means and Commerce Committees have approved legislation, which responds to those concerns in a fair, reasonable and balanced way. The legislation, which you will be voting on, is not the same legislation that was proposed in the last Congress. And, thus, it is not the same legislation against which so many of the objections to cost containment have been directed.

The modifications, which have now been made to the original cost containment bill, minimize the Federal government's involvement and place the highest priority on voluntary actions by the hospitals:

- The bill recognizes the request for a priority voluntary effort initiated by the nation's hospitals two years ago. Only if the hospitals fail to meet their own voluntary national goal would the standby Federal program go into effect.
- The bill exempts states with successful cost containment programs. States, which do not yet have such programs, are provided specific incentives to establish and implement them.
- All small hospitals—those with less than 4,000 admissions a year—would be exempt from the bill's coverage.
- The bill will not result in new regulatory burdens on hospitals. Hospitals will have to provide only one additional line of information (wages for non-supervisory personnel) on the Medicare cost forms, which they currently submit to the Federal government.
- The bill permits a complete pass-through of the increases in the price of goods and services that hospitals purchase. Thus, hospitals are not penalized because of inflation in the general economy.
- The standby Federal program cannot be put into effect over the objection of either House of Congress.
- The bill contains a sunset provision to limit the program to a maximum of five years.

This modified cost containment legislation will have a significant impact in reducing the hospital industry's inflation rate, which over the past decade has increased twice as fast as the inflation rate in the overall economy. Hospital inflation has been at such high levels because of a lack of competition within the industry. Without the type of consumer marketplace, which exists in other sectors of the economy, hospitals generally have no incentive to reduce waste or inefficiency and to curb costs. The Federal government itself now contributes 40% to all hospital costs and has an obligation to the American people to assure that Federal tax dollars are not wasted.

While ensuring continued high-quality care, the legislation before can bring efficiency and businesslike practices to the hospital industry. And it can do so with a minimum of Federal involvement and red tape.

Of equal importance, no other bill before the Congress will have such a direct effect on reducing the cost of living for all Americans. A vote for this bill will clearly and properly be seen by the public as a vote to reduce inflation. It will also be seen as a measure of Congress's commitment in working to fight inflation.

We cannot now afford to turn our backs on the solution developed by two House Committees after several years of difficult work. The time for delay and additional study is past. The time for positive action against inflation is now. I urge you to take that action by voting for Hospital Cost Containment legislation.

Sincerely,

Jimmy Carter

SOCIAL SECURITY DISABILITY AMENDMENTS OF 1980—STATEMENT ON SIGNING H.R. 3236 INTO LAW—JUNE 9, 1980

Today I have signed H.R. 3236, the Social Security Disability Amendments of 1980. This bill is the product of several years of intensive study and review conducted by this administration and the Congress. It forms a balanced package, with amendments to strengthen the integrity of the disability programs, increase equity among beneficiaries, offer greater assistance to those who are trying to work, and improve program administration.

Since the mid 1950's the social security disability insurance (DI) program has offered protection to insured workers who have lost wages because of unexpected and often catastrophic disabilities. More recently, since 1974, the Supplemental Security Income (SSI) program has provided Federal financial assistance to needy disabled persons whether or not they are covered under the disability insurance program.

Despite their medical impairments, most disabled DI and SSI beneficiaries would like to work. Often they are able to find employment either in their previous occupations or in new jobs. But returning to work can now cause a recipient to lose all his cash and medical benefits, and this formidable financial risk deters many beneficiaries from seeking or accepting serious job offers.

H.R. 3236 is designed to help disabled beneficiaries return to work by minimizing the risks involved in accepting paid employment. It does this in several ways:

• by providing automatic re-entitlement to benefits if an attempt to return to work fails within 1 year;
• by continuing medical protection for up to 3 years after a person returns to work, and by providing immediate re-entitlement to medical benefits if the individual subsequently returns to the disability rolls;
• by taking account of an individual's disability related work expenses in determining eligibility for benefits; and
• by continuing, on an experimental basis for 3 years, cash and medical benefits to SSI recipients with low earnings.

H.R. 3236 establishes a special pilot program that will provide $18 million over a 3-year period to allow States to offer medical and social services to employed handicapped people to help them continue

working. It also gives the Social Security Administration new authority to test the effect of further changes in the law. Changes, which show promise for helping DI and SSI beneficiaries, can then be made a permanent part of the law.

H.R. 3236 adjusts the maximum limitation on disability insurance dependents' benefits. The adjustment addresses problems that exist because some disabled workers can receive cash disability benefits that are greater than their previous employment income. The adjusted benefit limitation will not apply to people currently receiving benefits. In fact, no person now receiving benefits will have his or her benefits reduced as a result of any provision of this bill. The final version of the limitation is more restrictive than the administration proposed and will impact adversely on some beneficiaries. Therefore, I will expect the Department of Health and Human Services to evaluate carefully its effect on new beneficiaries and be prepared to recommend any changes that may be needed.

A major provision of H.R. 3236 establishes a voluntary certification program for health insurance supplemental to Medicare—commonly referred to as "Medigap" policies—in States that do not have adequate programs of their own to control abuses in the sale of these policies. The new voluntary certification program, which I strongly and actively supported, will do the senior citizens of our country a great service. It will ensure that approved policies meet prescribed minimum standards, and it will set penalties for furnishing fraudulent or misleading information and for other abuses.

Finally, I would like to recognize the contributions made by Congressman Jake Pickle, Congressman Al Ullman, Congressman Jim Corman, Congressman Claude Pepper, Senator Gaylord Nelson, Senator Russell Long, and Senator Max Baucus. Their able leadership and cooperation were essential to the passage of this bill.

ST. PETERSBURG, FLORIDA—REMARKS AND A QUESTION AND ANSWER SESSION AT A TOWN MEETING WITH SENIOR CITIZENS—OCTOBER 10, 1980

MEDICAL COSTS AND NATIONAL HEALTH INSURANCE

Q: Mr. President?

THE PRESIDENT: Yes, sir.

Q: I'm very pleased to have you here.

THE PRESIDENT: Thank you.

Q: [inaudible]

THE PRESIDENT: I want to hear about it.

Q: That's what I'm here for. My name is Joseph P. Carroll. I'm from Connecticut, and I live here. But what I want to say is this. Recently we had a 14.3 increase, and then later on, right away, you turned around and increased what I have to pay for Medicare. I don't think that's right. I think something should be done about that, because a lot of people cannot afford it—[inaudible]—a couple of hundred dollars or—[inaudible]. Is there something that could be done, sir?

THE PRESIDENT: Yes, sir, I believe so. I used to live in Connecticut myself. My youngest son was born there, and we have a lot in common there.

One thing that I'd like to point out is that, as your congressional delegation well knows, one of the continued attempts that I have put to the Congress has been to initiate hospital cost containment legislation, to prevent the hospital costs from going up much more rapidly than the general inflation rate. We've been just on the verge of getting that bill passed. We have not yet got it through. We've also encouraged States individually to impose hospital cost containment within each State boundary. Some States have done an outstanding job in holding down those unwarranted, unnecessary, excessive increases in the cost of medical care.

My commitment to you and to this whole group and to the Nation is to pass national health insurance for a comprehensive program for the

future to make sure than all citizens can have better health care at a reasonable price.

I might point out, since this is an election year that Governor Reagan is strongly and consistently against any national health insurance program. This is a sharp difference that ought to be kept in the minds of voters who go to the polls on November the 4th.

So, the best way to hold down the cost of Medicare and other services that are important to senior citizens is to make sure that we have hospital cost containment passed and a national health insurance covered that would be comprehensive in nature, emphasizing prevention of illness, caring for those quickly who need it, emphasizing outpatient care when the patient is able to stay out of a permanent incarceration in the hospital.

And also, one other aspect is to increase the competitive nature of the charges by doctors themselves. We have passed legislation, as you know, that has resulted in the lowered cost of eyeglasses, 20 to 40 percent, and we've also passed legislation that now lets doctors advertise as to whether or not they will treat Medicare patients.

So, those things put together, I believe, particularly national health insurance, will alleviate your problem in the future.

Thank you, sir, very much.

CLEVELAND, OHIO—REMARKS AT THE 1980 PRESIDENTIAL CAMPAIGN DEBATE—OCTOBER 28, 1980

THE PRESIDENT: In the past, the relationship between social security and Medicare has been very important to provide some modicum of aid for senior citizens in the retention of health benefits. Governor Reagan, as a matter of fact, began his political career campaigning around this nation against Medicare. Now we have an opportunity to move toward national health insurance, with an emphasis on the prevention of disease; an emphasis on outpatient care, not inpatient care; an emphasis on hospital cost containment to hold down the cost of hospital care for those who are ill; an emphasis on catastrophic health insurance, so that if a family is threatened with being wiped out economically because of a very high medical bill, then the insurance would help pay for it. These are the kind of elements of a national health insurance, important to the American people. Governor Reagan, again, typically is against such a proposal.

MR. SMITH: Governor.

GOVERNOR REAGAN: There you go again. [Laughter]

When I opposed Medicare, there was another piece of legislation meeting the same problem before the Congress. I happened to favor the other piece of legislation and thought it would be better for the senior citizens and provide better care than the one that was finally passed. I was not opposing the principle of providing care for them. I was opposing one piece of legislation as versus another.

MEDICARE AND SOCIAL SECURITY—STATEMENT BY THE PRESIDENT—OCTOBER 31, 1980

None of the great achievements of our past 50 years is more important to the people of this country than social security and Medicare. They provide earned benefits to millions of retired people and disabled Americans, and they protect all of us from living in fear of a future of poverty, dependence, and despair. These great initiatives are the pride of the Democratic Party. Their history illustrates the basic differences between Democrats and Republicans in American public life.

We Democrats believe in a strong social security system. We fought for it and we enacted it over Republican opposition. We Democrats believe in affordable health care for all Americans. Under Harry Truman and Jack Kennedy and Lyndon Johnson, we fought for Medicare over Republican opposition. And we are fighting Republican opposition today to enact an affordable national health plan that will improve Medicare for the elderly, extend protection against catastrophic medical expenses to all of us, improve health coverage for the poor, and provide special benefits to expectant mothers and children in the first years of life. That is the Democratic agenda and the agenda for the next 4 years of the Carter administration.

Where do the Republicans stand in this election? Governor Reagan's first major experience in public life was to engage in an active, hard fought campaign against Medicare. If he had his way, our seniors would have little protection against health costs today. Last Tuesday night in the debate, he tried to tell us he just supported an alternate approach, but the record speaks for itself. That so–called alternate approach, the Kerr bill, was simply a welfare bill which would have helped only those who had already spent their life savings, sold off their assets, and sacrificed their economic security to pay their medical bills.

The truth is that Governor Reagan worked to convince the American people that Medicare, which protects all of is against medical expenses when we retire or are disabled, was socialism. He made that charge in a phonograph record, which was the main organizing tool of the American Medical Association's anti-Medicare campaign. He also charged that Medicare would lead to the Government's telling people where to live and where to work and that if Medicare passed, "you and I are going to spend our sunset years telling our children and our

children's children what it once was like in America when men were free."

The truth is, it took Democratic Presidents and Democratic Congresses to pass Medicare over the opposition of Ronald Reagan and the Republican Party, just as it will take a Democratic President and a Democratic Congress to enact a national health plan over that same opposition.

Nor is Governor Reagan's opposition to Medicare and Medicaid a matter of ancient history. He wrote in his syndicated newspaper column for April 5, 1979, that "those who claimed during the debates over Medicare–Medicaid in the 1960's that these programs would be the first foot in the door to massive Government interference in health care have been proved totally correct."

Tuesday night we saw the same Ronald Reagan who posed as a friend of Medicare assume the role of lifelong defender of the social security system. He actually told us he had never advocated making the social security system voluntary. Everyone knows that if we let wealthy people who can afford elaborate private pensions leave the social security system, the cost to those Americans who would be left would rise to prohibitive levels. But before Ronald Reagan began to aspire to higher office, that is exactly what he proposed. Because of his denial, it is important to set the record straight.

For example, in October of 1964 in a local speech, he said this: "Can't we introduce voluntary features that would benefit a citizen to do better on his own, to be excuse upon presentation of evidence that he had made provisions in non-earning years?" And this was not a single flight of fancy; it was a consistent Reagan theme for several years.

Governor Reagan has a right to change his mind. He does not have a right to rewrite history on subjects as important as social security and Medicare. Last Tuesday night he showed not just a desire to revise the past but also a fundamental failure to understand the value of the social security system as it exists today.

Mr. Reagan told the Nation: "The problem for young people today is that they are paying into social security far more than they can ever expect to get out." If those of us who listened to Governor Reagan believed him, then it could do great damage to public confidence in the social security system. But Governor Reagan was flat wrong. The average young worker with dependents will receive benefits 3 ½ times

the amount of is payments and 1 ¾ the amount paid by himself and his employer together.

Contrary to Governor Reagan's misinformed opinion, social security is and will remain a sound investment. It protects almost all of us from disability and provides a hedge against dependency, as we grow older. I want to see that it stays that way. I think it is important when the same Governor Reagan who did favor a voluntary social security system years ago, just as he did fight against the enactment of Medicare, believes, mistakenly, that social security is a poor investment for the young people of our country.

The positions of Mr. Reagan's past are important not because we seek to debate history but because their echoes are heard in the positions he and his advisers are taking today.

I listened carefully to Mr. Reagan's comments Tuesday night, and this is what he said about the future of social security. "What is needed," he said, "is a study I have proposed by a task force of experts to look into this entire problem as to how it can be reformed and made actuarially sound, but with the premise that no one presently dependent on social security is going to have the rug pulled out from under them and not get their check."

What will emerge from this study directed by "experts" who will see that no one "presently" in social security loses benefits? Does Governor Reagan propose to reduce benefits for those Americans now paying into the social security system not yet dependent on its benefits? Does he intend to reduce the cost-of-living allowance for retirees, as his advisers suggested last Friday in the Wall Street Journal? Does he intend to let affluent Americans who can afford large private pensions "opt out" of the system, leaving far higher tax burdens on those who remain? What does he have in mind? I find little to comfort the American people in the record of Mr. Reagan, the record of the Republican Party, or the reports from behind the closed doors of his advisers.

Mr. Reagan has a habit of saying that we are distorting his position. But it was Governor Reagan who built a record of opposition to Medicare and a national health plan; it was Governor Reagan who once proposed a voluntary social security system; and it was Governor Reagan who carefully hedged his answers last Tuesday and told us then that social security is a poor investment for young Americans.

My own position is clear. I oppose taxation of social security benefits. I support the indexing of benefits to keep pace with inflation. I oppose cutting back basic social security and disability provisions on which most Americans rely. As I have in the past, I will insist on the financial integrity of the system. The social security reforms enacted 2 years ago have fundamentally assured the integrity of the system through the first quarter of the 21st century. If adjustments are needed, we will see that they are fair. And I will seek to assure, as with the 8% social security tax credit I proposed in the economic renewal program, that social security taxes are relieved in ways, which are consistent with the health and integrity of the system as a whole.

Social security and Medicare have immeasurably improved the lives of senior citizens in this country. Governor Reagan can remember, as I can, when older Americans lived in constant fear of financial disaster, when men and women who had worked hard all their lives had to face a retirement without dignity. I am proud to stand for social security and for decent health care, and I propose to continue the great fight for social justice in our country.

Let's win this election and get on with our work of building a secure future for our Nation.

REMARKS AND A QUESTION AND ANSWER SESSION WITH REPORTERS ON DOMESTIC AND FOREIGN POLICY ISSUES—MAY 24, 1982

MEDICARE

Q: Mr. President, Speaker O'Neill said today that you have broken a promise that you made before the joint session of Congress on February 18, 1981. You said, "Medicare will not be cut." Yet the bipartisan budget, which you support, calls for cuts in Medicare of some $23 billion over 3 years—$5 billion in '83 alone. How does that square, and how do you respond to the Speaker that you've broken your promise.

DEPUTY PRESS SECRETARY SPEAKES: This is the last question, please.

THE PRESIDENT: Larry says this is the last question. [Addressing Mr. Speakes:] Where were you a minute ago? [Laughter]

I could answer that in about three phases and very briefly. And the first one is, how would I respond to the Speaker about that? I think it is very obvious after last year and this year that the Speaker is obsessed with the idea of trying to create a social security issue for the coming election. And I think that's pretty irresponsible with a program now that is actuarially out of balance, that, as we pointed out a year ago, is going to be unable to get through the 1983 year unless something is done about that program.

The proposed cuts in the bipartisan plan, in Medicare, are almost entirely aimed at limitations on the providers of health care, not a reduction of services for the beneficiaries, the recipients of social security. Those are the two.

The third one is this, even this talk in the budget, in a way I find—I hope that they don't waste too much time debating it, because with the Speaker's cooperation we have a bipartisan task force that has been at work for months and is to report in December with a plan for solving both the short and the long-range problems of social security. And the only thing that I have said in my own mind with regard to that plan and that I have said to those representatives that I appointed to the task force is that it must not undercut or pull the rug out from under the people who are presently dependent on social security. They must be assured that they are going to continue to get their benefits.

But there are any number of ways that that task force can go, based on the future of social security for people presently paying into the program who are not yet retired that can meet the financial problems. Indeed, the plan that we posed last year could have done that and even reduced the two built-in increases in payroll tax that are still hanging over the workers of America today.

So, to make an issue out of this when this task force is—we're awaiting its report—and he has appointed his own representatives to that task force, too—I think is just, again, sheer political demagoguery.

MR. SPEAKES: Thank you, Mr. President.

Q: Mr. President

THE PRESIDENT: He gets mad at me if I answer any more. I can't.

Q: You're the boss. [Laughter]

Q: Yes, sir, I want to tell you something. I just got back from the Hill. [Laughter] Mr. President, there is a mild revolt against your administration going on by communications today with Capitol Hill. People all over the country are calling in and saying that they cannot stand the cuts in Medicare and Medicaid because—I realize you've cut off the providers, but the providers are the hospitals, and the hospitals, they say, 75 percent of them will go broke and that they will then have to ration what people they take in and which ones they cut out and that the old people will not be admitted and, therefore, the old people will die.

Now, what's your answer to that? You said you were a sweet man and you didn't cut back on old or needy people.

THE PRESIDENT: I can't answer a question. He's just shut me off. But I would say that all of you have the means to reduce the fears of the social security recipients, fears that have been aroused by the demagoguery from those guys on the Hill.

MESSAGE TO THE CONGRESS TRANSMITTING PROPOSED HEALTH CARE INCENTIVES REFORM LEGISLATION—FEBRUARY 28, 1983

To the Congress of the United States:

I am today transmitting to the Congress legislation comprising the Health Incentives Reform program. This legislation reforms health care financing policies to constrain rising health care costs and to keep high quality health care affordable for all Americans. Because of the coming shortage in the Medicare Trust Fund, prompt action is particularly important.

This legislative package addresses the underlying causes of excessive increases in health costs: the perverse incentives operating in the market for health services. Cost based reimbursement, poorly structured cost sharing, and open-ended tax subsidies for health insurance have contributed to inefficiency and inflation in the health sector. Our proposals correct these incentives. Our plan involves all participants in the health care market in restructuring financing and service delivery arrangements: providers and patients, physicians and hospitals, and beneficiaries of public programs as well as privately insured workers. Thus it shares the responsibility for bringing down health care costs fairly among all segments of society.

THE HEALTH CARE COST PROBLEM

The need for action now is clear. Health care costs are climbing so fast they may soon threaten the quality of care and access to care which Americans enjoy. In 1982 health care costs went up almost three times the national inflation rate. Taxpayers have seen Federal outlays for Medicare and Medicaid go up nearly 600 percent since 1970. Health care funding is one of the fastest rising expenditures in the Federal budget. The cost of health insurance rose 15.9 percent in 1982, the biggest increase ever. Health care costs are consuming a growing portion of the Nation’s output: 10.5 percent of GNP in 1982, compared with 5.9 percent in 1965.

The cost of the average hospital stay jumped from $316 in 1965 to $2,168 in 1981. American taxpayers (mainly through Medicare and Medicaid) pay a large part of those costs: 40 percent of all hospital bills.

Rising health care costs are a problem that affects everyone. The elderly, who are covered by Medicare, face the threat of catastrophic illness expense, against which Medicare offers no protection. The poor on Medicaid have seen coverage reduced as States have been forced by rising costs to make cutbacks. Workers with employment based health insurance have received lower cash wages, because of the unchecked cost increases for health benefits. Americans pay for health care costs in other hidden forms, including higher costs for the merchandise they buy, since the costs of employee health care benefits must be included in the price of products.

As is the case with many of our national difficulties, past Federal policy has been a part of the problem. These policies have thwarted normal incentives for efficiency in health care.

• Medicare's cost based system has actually rewarded inefficiency by paying more to less efficient, higher cost hospitals.
• Cost sharing in Medicare has been backwards. Those who are less ill, and could act to keep their hospital stays shorter have been given no cost incentive to do so, and severely ill patients have been penalized with high cost sharing and no catastrophic coverage.
• Federal tax policy has created a bias for high priced medical coverage instead of wages, since employer contributions to health care benefits are not treated as income to the employee.
• Federal health care programs have made too little use of competitive bidding practices.
• Medicare beneficiaries have been unable to enroll in efficient private health plans.
• Unnecessary regulations have added to higher costs in past year.

THE ELEMENTS OF HEALTH INCENTIVES REFORM

The Health Incentives Reform package contains a number of specific provisions, which address each facet of our multipronged strategy. First, it initiates Medicare coverage for the catastrophic costs of lengthy stays and improves Medicare's cost sharing provisions. These reforms encourage efficiency while reducing the cost burden on the severely ill.

The plan establishes a prospectively set hospital rate structure under Medicare that rewards cost-effective hospital practices. This contrasts with the traditional Medicare policy of reimbursing hospitals retrospectively for whatever "reasonable" costs they incurred.

The plan limits the open-ended tax subsidy of relatively high cost private health plans, which biases employee compensation towards elaborate health coverage instead of cash wages.

The plan expands opportunities for Medicare beneficiaries to use their benefits to enroll in private health plans as an alternative to traditional Medicare coverage.

The plan freezes payments to physicians under Medicare's reasonable charge system for one year at 1983 levels.

The plan provides for gradual yearly increases in the Medicare Part B premium and deductible once again to cover a sufficient portion of the program's costs through beneficiary payments.

The plan expands authority under Medicare for the use of competitive bidding procedures and other cost efficient approaches for the purchase of laboratory services, durable medical equipment, and other nonphysician services and supplies. Furthermore, payment for durable medical equipment provided through home health agencies would be limited to 80 percent, the same percentage covered by Medicare under other circumstances.

A provision of the plan will entitle the elderly to Medicare benefits on the first day of the full month that individuals meet all eligibility conditions. At present, entitlement begins on the first day of the month in which an individual meets the conditions for only one day. This proposal is consistent with initial Social Security eligibilities for individuals who attain age 62. Also, most private insurance coverage now remains in effect until Medicare coverage begins; thus most beneficiaries would not be affected.

Finally, the plan makes two changes in Medicaid. The reduction in Federal payments to States authorized by the Omnibus Budget Reconciliation Act of 1981 would be extended beyond 1984 for an indefinite period. The reduction would be cut, however, from 4.5 percent to 3 percent. In addition, Medicaid beneficiaries would have to make nominal co-payments for outpatient visits and hospital stays.

Our legislative package contains additional Medicare and Medicaid provisions to strengthen program management, simplify requirements for program participation, produce savings in program spending, and reduce waste, fraud and abuse in these programs.

MEDICARE CATASTROPHIC COVERAGE AND COST SHARING REFORM

The “Medicare Catastrophic Hospital Costs Protection Act of 1983” improves coverage for long and expensive hospitalizations and introduces modest coinsurance on the initial days of hospitalization.

The current Medicare Hospital Insurance program neither adequately protects beneficiaries in cases of prolonged illness, nor provides financial incentives to minimize unnecessary utilization of services. Medicare covers only 90 to 150 days of hospitalization during a spell of illness (depending on whether a “lifetime reserve” of 60 days has been previously exhausted), even if additional hospitalization is clearly warranted. After the 60th day, cost sharing becomes onerous. Patients pay 25 percent of the inpatient hospital deductible ($88/day) for the 61st to 90th day and 50 percent ($175/day) for lifetime reserve days. On the other hand, after a deductible is paid for the first day, no coinsurance at all is imposed until the 61st day of hospitalization, eliminating any financial incentive for the beneficiary to leave a hospital as soon as it is medically advisable to do so.

The bill provides Medicare reimbursement for unlimited days of hospitalization under the Medicare Hospital Insurance program. At the same time, the bill imposes coinsurance for a maximum of 60 days annually (8 percent of the inpatient hospital deductible for the 2nd through the 15th day of a spell of illness and 5 percent thereafter) to encourage beneficiary cost consciousness and the efficient use of health resources. The bill also limits to two the number of inpatient hospital deductibles that could be imposed annually (no matter how many spells of illness occur) and reduces the skilled nursing facility coinsurance rate from 12.5 to 5 percent of the inpatient hospital deductible.

PROSPECTIVE PAYMENT FOR INPATIENT HOSPITAL SERVICES UNDER MEDICARE

The “Medicare Prospective Payment Rates Act” will establish Medicare as a prudent buyer of services and will ensure for both hospitals and the Federal government a predictable payment for services. This system of payment can be implemented in October 1983.

Medicare traditionally paid hospitals retrospectively determined reasonable costs. This system essentially paid hospitals for whatever they spent. There were, therefore, weak incentives for hospitals to conserve costs and operate efficiently. It is not surprising that under

this system hospital expenditures have been and are continuing to increase rapidly. Medicare expenditures for hospital care have increased 19 percent annually from 1979 to 1982. The cost of a service varies substantially from hospital to hospital.

The Tax Equity and Fiscal Responsibility Act (TEFRA) changed this system of hospital reimbursement by placing limits on what hospitals could be paid. My proposal builds upon the TEFRA improvements. This bill establishes a system of prospectively determined rates, which will foster greater efficiency in the provision of hospital services. Medicare payments for operating costs will be specifically related to the patient's condition, but will not vary from hospital to hospital (except to allow for differences in area wage rates). Rates will be set for each of 467 diagnosis-related groups. Capital expenditures and medical education costs will be excluded initially from the calculation of basic payments and reimbursed separately. Additional payments will be made for unusual cases involving exceptionally long hospital stays.

To the extent that a hospital operates efficiently if would earn a surplus, and to the extent it operates inefficiently it would show a deficit. Hospitals with higher costs will not be able to pass on extra costs to Medicare beneficiaries and thus will face strong incentives to make cost-effective changes in practices.

CHANGES IN THE TAX TREATMENT OF EMPLOYER CONTRIBUTIONS TO HEALTH PLANS

The Health Costs Containment Act of 1983 is designed to encourage employers to provide an adequate level of health benefits to their employees, while eliminating the open-ended tax preferences for health benefits over cash wages.

Under current tax law an employer's contribution to an employee's health plan is not included in the employee's gross income. This bill will limit tax-free health benefits paid by an employer to $175 per month for a family plan and $70 per month for individual coverage. These limits will be indexed to increase yearly in proportion to the Consumer Price Index. Employer contributions over these amounts will be included in the employee's income and taxed (income and Social Security) accordingly. Thus, individuals can choose to purchase as much health insurance as they wish with after-tax dollars, but the tax laws will not subsidize the purchase of unlimited health insurance.

Elaborate health benefits funded with tax-free, employer paid contributions are inflationary—they insulate consumers, providers, and insurers from the cost consequences of health care decisions. By doing so, they contribute both to the persistence of inefficient forms of health care financing and delivery and to overuse of health services. The limit on tax-free benefits will help to alleviate these problems while allowing employers to provide adequate tax-free coverage to protect an employee against the serious financial consequences of illness. Employees will be free to purchase more comprehensive health care coverage with after-tax dollars.

The proposal will be effective on January 1, 1984, except with respect to collective bargaining agreements in effect on January 31, 1983, which will not be subject to the new rules until the earlier of January 31, 1986 or the first date on which such agreement is reopened after January 31, 1983.

OPTIONAL MEDICARE VOUCHER

The provision of the Health Incentives Reform package that creates an opportunity for Medicare beneficiaries to enroll in alternative health plans in contained in the “Medicare Voucher Act of 1983.”

Last year Congress, with the support of my Administration, amended the Medicare statute to permit payments on a risk basis to HMOs and other competitive medical plans that provide Medicare beneficiaries with coverage at least as extensive as the Medicare benefit package. The optional voucher provision will build on current law by allowing Medicare beneficiaries to use Medicare benefits to enroll in a wider array of private health plans. Medicare will contribute an amount equal to 95 percent of what it would have cost to care for the beneficiary if he or she had elected traditional Medicare coverage. If a beneficiary selects a private health plan with a premium lower than Medicare’s contribution, the beneficiary will be eligible for a cash rebate from the private plan. If, on the other hand, the private plan costs more than Medicare’s contribution, the beneficiary must pay the difference.

Enrollment in a private health plan will be voluntary. Once a year, beneficiaries will have the opportunity to switch private health plans or elect traditional Medicare coverage. A qualified health plan may be an HMO, an indemnity insurer, or a service benefit plan. All private plans must cover, at a minimum, the services provided under Parts A and B of Medicare, and must participate in a coordinated annual open enrollment period.

MEDICARE PHYSICIAN PAYMENT FREEZE AND HOSPITAL REIMBURSEMENT LIMITS

The other provisions of this package are contained in the "Health Care Financing Amendments of 1983."

Medicare customary and prevailing charges for physician services will be held at 1983 levels for one year beginning in July, 1984. Under current law prevailing charges would otherwise be increased in July, 1984, by the annualized 1984 value of the Medicare Economic Index while increases in customary charges would not be constrained. This limit is consistent with other steps contained in the Budget to reduce the structural deficit.

The Tax Equity and Fiscal Responsibility Act (TEFRA) limited the increase in hospital expenditures under Medicare to the increase in the costs of goods and services hospitals purchase (the hospital "market basket index") plus one percent. This provision amends TEFRA to limit the rate of increase in hospital expenditures for fiscal year 1984 only to the increase in the hospital market basket index.

These proposals are part of a government-wide freeze aimed at reducing the Federal deficit. Medicare spending for physicians increased by 21 percent in 1982 and is expected to rise by 19 percent in 1983 and 17 percent in 1984. As mentioned earlier, Medicare hospital expenditures have grown at comparable rates. In this time of fiscal crisis, we must ask all participants in the health care market, physicians, hospitals, and program beneficiaries, to do their part in slowing increases in spending.

GRADUATED INCREASES IN THE SUPPLEMENTARY MEDICAL INSURANCE (SMI) OR PART B PREMIUM

This provision will freeze the Part B premium at the present $12.20 per month for the remainder of 1983, instead of increasing it to $13.50 in July as was previously announced. The delay coincides with the delay in the cost-of-living increase for Social Security recommended by the National Commission on Social Security.

In January 1984, the Part B premium will be set at 25 percent—the percentage specified in current law—of program costs for aged beneficiaries for that calendar year. Over the next four years, the Part B premium will be increased 2.5 percentage points each year, to reach 35 percent of program costs for the elderly in January, 1988.

Thereafter, the premium for each calendar year would be set at 35 percent of program costs (the actuarially adequate rates) for the elderly for that year. When Medicare began, Congress envisioned that the elderly would bear 50 percent of SMI costs and the law initially required that SMI costs be equally financed by the general taxpayer and the users of SMI services.

By gradually raising the SMI premium to 35 percent of program costs, this provision provides for a more equitable balance between general revenue and premium financing of Medicare Part B.

INDEXING THE PART B DEDUCTIBLE

The Part B deductible will be increased in January of each year based on annual changes in the Medicare Economic Index. This provision would maintain the constant dollar value of the deductible.

The 1981 Reconciliation Act increased the Part B deductible from $60 to $75. Before this amendment, the deductible had remained at $60 since 1972, despite a 250 percent increase in program reimbursements per aged enrollee between 1972 and 1981.

Current law does not provide for future increases in the deductible. As a result, the initial beneficiary liability for medical services will decrease in real terms over time and these costs will be shifted to the Federal government. Furthermore, the value of the deductible as a deterrent to unnecessary utilization will again diminish.

OTHER PROPOSALS

The legislation I am submitting today includes other items, all of which are designed to make Medicare and Medicaid more effective and efficient programs. They include, among others, proposals for competitive purchasing for laboratory services and durable medical equipment and reimbursement charges for certain Medicare services.

NOMINAL MEDICAID COPAYMENTS

This provision requires States to impose nominal co-payments on all Medicaid beneficiaries for hospital, physician, clinic, and outpatient department services. Specifically, the categorically needy would have to pay $1 per day for hospital services and $1 per visit for physician or outpatient services. The medically needy would have to pay $2 per for hospital services and $1.50 per visit for physician services.

Beneficiaries who are enrolled in HMOs or who are institutionalized would be exempt from all co-payment requirements.

First-dollar insurance coverage, such as that which Medicaid provides, leaves the consumer with virtually no financial incentive to question the need for services. Services that are totally free are likely to be over utilized. If patients share in some of the costs, they and their physicians will reduce unnecessary or marginal utilization. There is substantial evidence that cost sharing can reduce health care costs, mostly be reducing unnecessary utilization.

BUDGETARY EFFECT OF THE HEALTH INCENTIVES REFORM PACKAGE AND OTHER MEDICARE AND MEDICAID PROVISIONS

These provisions will have a substantial impact on reducing the size of the Federal budget and the Federal deficit. In fiscal year 1984 this legislative package will have a cumulative budgetary impact of $4.2 billion: the net Medicare impact of spending reductions and premium increases is a budgetary reduction of $1.7 billion; Federal Medicaid spending reductions amount to $256 million, and increased tax revenues from the change in the tax treatment of employer paid health benefits amount to $2.3 billion. These savings are sustained and, in fact, grow in subsequent years.

The legislation that we are advancing today reflects our most thoughtful effort to address and reform the basic economic incentives that operate in the health care sector. Since health care now represents over 10 percent of our Nation's Gross National Product and is growing as a proportion of GNP each year, the enormous task of structural reform is well worth undertaking. As I mentioned earlier, we have taken great care to devise a legislative package that shares the responsibility for such reform and the burden of reductions in health care financing fairly among all segments of our society. The distribution of budgetary savings among workers and Medicare and Medicaid beneficiaries confirms our efforts in this regard.

Our need to constrain the growth of our national spending for health care in the interests of a healthy and stable economy is urgent. Regulatory approaches to health care cost containment tried previously have proven ineffective and sometimes counterproductive to this goal. I urge you to join me in facing the challenge before us and consider favorably our approach to health incentives reform.

RONALD REAGAN

The White House
February 28, 1983

REMARKS AT THE ANNUAL MEETING OF THE AMERICAN MEDICAL ASSOCIATION HOUSE OF DELEGATES, CHICAGO, ILLINOIS—JUNE 23, 1983

Back in 1847 a group of 250 physicians convened in Philadelphia to establish the American Medical Association. Well, I'm going to tell you what I told them. [Laughter] We have the best health care in the world, because it has remained private. And, working together, we'll keep it that way. The Government plays a role, of course. I believe medicare and medicaid have filled genuine needs in our society. But our Federal health care system was designed backward. The incentives have not been to save, but to spend. Medicare and Medicaid costs have gone up nearly 600 percent since 1970. For too long, the Federal Government has had a blank check mentality. The hospital simply filled in the amount they wanted and then Uncle Sam, or, to be more precise, the hard-pressed American taxpayer paid the bill.

Today, for example, medicare payments for treating a heart attack can average $1,500 at one hospital and $9,000 at another, with no apparent difference in quality. Likewise, medicare payments for hip replacements can vary from $2,100 to $8,200. And payments for cataract removal can vary from $450 to $2,800.

One of our reform measures to control hospital costs has already been passed. No longer will we pay virtually whatever the hospital asks. With our Prospective Payment System, we'll pay one fair rate, and the hospital that delivers its services at a cost less than that rate can keep the difference. In the past the government actually subsidized and encouraged inefficiency by paying more to the inefficient hospital than to the efficient one.

Medicare cost sharing has often seemed backward as well. Under current law, unbelievable as it seems, medicare hospital coverage can actually expire in the event of catastrophic illness—just when it's needed most. And even when the coverage has not expired, those in a hospital with stays for 60 days must make every high, out-of-pocket payment. In contrast, those with shorter hospital stays pay nothing out-of-pocket after the first day. It's cheaper for the patient to be at the hospital than at home.

We're trying to make coverage fairer by using moderate cost sharing early in an illness, rather than imposing severe costs later, when the patient has little choice over the length of the hospital stay.

Under current law, the average patient hospitalized in 1984 for 150 consecutive days would owe $13,475 from his or her pocket and then bear the total cost of all subsequent hospital care. Under our plan, the patient would owe only $1,530 with absolutely no cost for subsequent hospital care. The co-payments proposed for medicaid are nominal—$1 to $2 a day—and intended only to discourage the unnecessary use of services.

We also propose limiting the current tax subsidy for high priced health plans. Most employer contributions for employee health benefits should be tax-free because this encourages employee health insurance. Our plan would simply cap this tax-free treatment in order to correct the bias toward high priced first dollar coverage. Health insurance should cover hepatitis and whooping cough, not hiccups. The proposed cap is an effort to make the tax law neutral in the choice between added wages and added health benefits. The Bible tells us that in creating the universe God made order out of chaos. Well, at times I think even the Almighty would have His hands full making orders out of the regulatory tangles that afflict our health care system. But our reforms are a conscientious start. Some of these reforms, such as prospective pricing, catastrophic coverage, and capping tax-free health insurance, many of you either support or remain flexible. And I want to thank you for these positions. I realize that other of our reforms, such as medicare vouchers or competitive bidding, many of you don't support.

Well, I'd like to explain an additional proposal you don't support the 1-year freeze on medicare physician reimbursement. These payments have been increasing at highly inflationary rates. In 1982 they increased 21 percent and are expected to rise 19 percent more in 1983. Now we believe physicians, too, must share the burden of slowing the rise in health care costs. As the patient in the movie often says, "Give it to me straight, Doc." Well, we believe the straight answer is that a 1-year freeze is painful but necessary medicine.

In spite of occasional differences of opinion, our goals are the same as the AMA's. As written in your constitution more than a century ago, the purpose of the AMA is to promote the science and art of medicine and the betterment of public health. Well, we, too, are looking for ways to improve the health of the American people, and we need your support and your ideas.

MESSAGE TO THE CONGRESS TRANSMITTING THE FISCAL YEAR 1985 BUDGET—FEBRUARY 1, 1984

Health care—Progress has been made in slowing the explosive growth of health costs. As part of the Social Security Amendments of 1983, Congress enacted the Administration's proposed fixed price prospective payment system for hospital care. This replaced the previous Medicare hospital reimbursement system under which hospitals were reimbursed for their costs. The new prospective payment system has altered incentives and should lessen the rate of increase in hospital costs.

Under the proposals in this budget, physicians will be asked to maintain present fee levels for medicare through the next fiscal year. Tax incentives prompting overly–costly employee health insurance benefits would be revised to make users and providers more sensitive to costs. Finally, resources for biomedical research will increase.

REMARKS TO CHAPTER PRESIDENTS OF THE CATHOLIC GOLDEN AGE ASSOCIATION—AUGUST 31, 1984

Second is Medicare. All our actions have been aimed at making it stronger and assuring its continuation. Millions of Americans depend on the Medicare program to help meet their health care costs, and while it's not in the same immediate trouble that Social Security was, we must ensure the long term solvency of the Medicare program. And I'm confident that we can find the right solution in a bipartisan manner, just as we did with Social Security.

We've already taken the first step by establishing a new method of paying hospitals under the Medicare program. Ever since Medicare was established in the mid 1960's, hospitals were paid pretty much whatever they spent. Giving hospitals a blank check resulted in costs that were rising out of control. Now, under a new program, hospitals are paid set rates, and if the hospital can provide care for less, they get to keep the savings. Now, this has successfully reduced cost increases while ensuring that the quality of the hospital care stays high. We're monitoring this new prospective pay system closely to continue to assure that quality is preserved while health cost inflation continues to go down.

Third—doctors and the high cost of medical care. It's terribly tough when you're tight on funds and get sick. It's tough when you're not tight on funds, but you have an ongoing ailment and you're hit with a lot of bills.

Now, this past July, we established a 15 month freeze on doctors' charges to Medicare patients. And believe me, we're trying both to control costs for older Americans and the Government. And we're doing everything we can to try to ensure that medical care will be both available and affordable for all the senior citizens in our country.

QUESTION AND ANSWER SESSION WITH REPORTERS ON FOREIGN AND DOMESTIC ISSUES—NOVEMBER 7, 1984

MEDICARE

Q: What do you propose to do about Medicare?

THE PRESIDENT: Let me just say about Medicare, we have a problem not as serious or not as imminent as the problem was with Social Security when we came here—that it was facing imminent bankruptcy.

Medicare—looking at the demographics and projecting ahead—we say several years from now could find itself in a problem of outgo exceeding the trust fund and the income in that fund. So we need to look at that as to how we can set it on the same kind of basis that will ensure into the future that the people are going to get the care they need.

We have already done some things—not in restricting the patient, but in putting some curbs on the expenditures out there capping out at the other end from the people who provide the services. And these are the type of things that we're looking at.

REMARKS TO THE HEALTH CARE AND BUSINESS COMMUNITY IN BALTIMORE, MARYLAND—MAY 13, 1992

I am excited to see so many pieces of this comprehensive health care reform program that we are promoting already successfully at work right here at EBMC. I introduced a plan February 6 to address the twin challenges of expanding access and of containing cost, while building on the strengths of this present health care system. I was determined to treat the root causes of our problems, not just the symptoms. Above all, our plan is inspired by the words of physician Frederick Banting, "You must begin with an ideal and end with an ideal."

In the greatest, most technologically advanced Nation on the face of the Earth, there is no reason that one of seven Americans has no health insurance. And what we must do is clear. We must guarantee every American access, access to affordable health insurance.

Let's face it. We are in a peculiar year, in an election year, when all kinds of crazy things happen out there. And it seems like everyone's got a prescription for health care. And yes, people want quality care they can afford and rely on. But we don't need to put the Government between the patients and their doctors. And we don't need to build a whole new Federal bureaucracy. We need commonsense, comprehensive health care reform, and we need to start on it right now.

Sure, the other approaches can sound great, but you've got to look at what you really get. National health insurance, believe me, means more taxes, long lines, long waiting lists, and here's a matter of great concern to people that are in this area of excellence, lower quality care. Their idea for cost control is flat out what you call price fixing; an idea we know just simply will not work. Look at Medicare, which adopts set prices for many seniors' health services. But Medicare inflation far outstripped private health care inflation in the seventies and the eighties, and it is still growing at 12 percent. The national rate of inflation, than heavens, is far below 12 percent, and cost containment is not its strong suit. Price fixing by Congress has never worked before, and in my view, it simply will not work.

The so-called—we were talking about this coming over in the car—the so-called "play or pay" approach, in my view, is equally unsound. Even many proponents admit that it will melt down into national health insurance within a few years. It does nothing to address the cost

problem, where patients don't know or care how much health plans cost, nothing except to once again try to fix the prices. It's a package full of empty promises. Our comprehensive reform plan is based on these commonsense principles: Competition, consumer choice, quality, I come back to that, and efficiency.

Now while most people in this country are provided the highest quality health care in the world, millions of others are uninsured. And those are the ones we've got to worry about. They are the ones we've got to be covered. And we must make people aware of the costs and varying quality of care, so they'll be better consumers. But there will always be a limit to how cost sensitive we can make people. When a kid falls off a bike or cracks his head, not many parents question the cost of a CAT scan or an MRI; their kid's health is too precious to bargain over.

So the competitive answer must be to group our consumers together. We must combine small employers, who often pay the bills, and individuals into large, educated, informed purchasing groups that can drive efficiencies back into the health care system. These health insurance networks are going to pool, what we call pooling. They will pool consumer information. They will pool risk, and they will pool purchasing power to make the system more responsive to the demands of the consumer. Our plan will dramatically reform our market based system. It will ensure that quality care is within reach of every American family, and it will preserve choice. It will keep costs down, and we believe that it will keep access up.

First, the plan will cut the runaway costs of health care by making the system more efficient. We'll call for innovative approaches like the one we see here in east Baltimore. Secondly, it will wring out waste and excess. Third, it will control Federal growth, since health care is the fastest growing part of the Federal budget. And fourth, my plan will make health care more accessible my making it more affordable. We'll provide up to $3,750 in health insurance credit or deductions for low and middle-income families—they have to use that to purchase insurance—and guarantee access to insurance for all low-income Americans. These credits, combined with market reforms, will bring health insurance to approximately 30 million now uninsured Americans.

Maryland is already getting on board this voucher approach with bipartisan legislation. The Maryland State House, I'm told, has outlined a standard health package to cover all low-income Marylanders through tax credits. The proposal to implement this tax credit plan

passed the house a few weeks ago and is being reviewed in the legislature this year. Under my plan, this type of low-income credit would be available in all States, and Maryland would have the ability and financial help it needs to make this reform into a living reality.

I've proposed the most comprehensive health care package out there. And now is the time to challenge the Congress and to see if it's interested in this kind of real reforms. Ours is a plan that will fundamentally restructure, and this is the point, restructure health care in America.

There are steps we can and must take right now. Part of our plan entails significant reform of the insurance markets, for which there is a strong bipartisan support. Senator Bentsen, Chairman Dan Rostenkowski of the Ways and Means Committee, Senate Republicans, the House Republican task force all support very similar reforms that with certain changes, some modification, can and should be passed immediately. Congress must begin to move now. Even if all they do this year is just pass our insurance market reform, we'll at least get a start on changing the system. These reforms will go a long way toward curing the inequities in cost and coverage under existing health insurance practices.

There's another bipartisan reform package out there. It was proposed by Senator Pat Moynihan and Dave Durenberger, and that is in most respects consistent, it is, with my plan and would promote much greater use of coordinated care in Medicaid. East Baltimore knows that this works. We must make it easier for the rest of the country to follow your pioneering road to better health care. In fact, as part of our plan for comprehensive reform, I want to make coordinated care the norm, not the exception, for Medicaid. We must work together now to pass these reforms that will provide literally millions of Americans with affordable health coverage for the first time and then get a leg up on that comprehensive reform.

Our plan does everything the Government can and should do to ensure the quality of life of each citizen of this great land. It doesn't promise the Moon. It does something more important: It really guarantees, it promises the future. Reform is never easy, but in health care I think, wherever you're coming from, I think everybody would agree health care reform is a must. And we will deliver what we can say we can, competition, competition driven, market based reform, and we'll deliver it proudly.

This is kind of a second unveiling of our overall program, but it seemed most appropriate to bring out these specifics here in Baltimore, an area where you've had so much innovation, so much excellence, so much success. So I just want you to know we're serious about this. We are going to continue to push for it, and we must get started right now.

I have learned a lot today, and I am very grateful to those who have shown me what is going on in this exceptional health care facility. I've always had great respect for what is going on in Johns Hopkins, this institution of excellence in every category.

So as I conclude, let me say, I am not pessimistic about our ability to help those people who need help in terms of health care. We can get the job done. I will now be trying to work with our hands extended in a nonpartisan or in a bipartisan mode to see if we can't make things a little better for the people, some of whom I saw here today.

Thank you all very much for listening. And may God bless the United States.

REMARKS AT THE HEALTH CARE EQUITY ACTION LEAGUE BRIEFING—JUNE 2, 1992

Please be seated, and thank you very much for coming. And Dirk, thank you, sir, and Pam, the co chairs of HEAL, I am delighted to have an opportunity to speak to you briefly here. And then our experts come on and you'll learn—I wouldn't say more than you want to know about this, but you'll be hearing from our very best in a few minutes, people that have shaped our approach to health care.

We are grateful for your support. I'll tell you, the strong support of this organization for our health care reform plan is absolutely essential to getting something done for the people in this country. I can't overemphasize the importance of your contacts on the Hill today, of your organizing of the local coalitions. Both of these efforts are going to be determining factors in steering health care reform in the right direction.

We're at a crossroads, literally, at a crossroads on the issue of health care reform. The real debate concerns the direction that health care reform is going to take. I don't think there's any argument in the country that health care reform is not needed. Nobody's taking that tack. The question is, will we preserve our public/private health care system through comprehensive reforms or are we going to substitute a plan that is Government-dictated, Government-mandated, Government-controlled? That's the bottom line. We have to spell out as clearly for the American public as we possibly can: The decision is as simple and as pivotal as that.

We have to make it clear to Americans that other proposals like the national health care, expanded Medicare, Americare, and "play or pay" are fundamentally Government-controlled. Some are a little more obvious about it than others, but ultimately each ends up controlled by a Government bureaucracy.

Let me also assure you that I share your specific concerns. Individual entrepreneurs need help in order to compete with the conglomerates; I understand that. You need a tax deduction for 100 percent of health insurance premiums, and you need market clout. As small business owners you also need rescuing from cherry picking by these insurers, and you need help in shopping smart, and you need a way to avoid costly frivolous coverage. Our plan provides comprehensive reform, and that's going to benefit, we compute, more than 95 million Americans.

We have two bills on the Hill already. These are nonpolitical, that is, the liberals agree with us in principle, that makes them nonpolitical. [Laughter] That being the case, I say Congress ought to act according to principle and pass this legislation for the good of the country. Where we agree, we must act. With your help up on the Hill, Congress will pass the bills immediately.

Under our plan, health insurers would have to cover all employers requesting coverage, and that coverage would be guaranteed. It would be renewable, and it would have no restrictions for preexisting medical conditions. It would also be portable, allowing workers to change jobs without fear of not being picked up by their new employer's plan. We would establish networks that would help small businesses purchase insurance and manage their premium costs. Our coordinated care provisions would reverse the upward spiral of health care costs, too.

Our plan also addresses something that we must do something about, and I'm talking about the malpractice costs, costs from excessive insurance paperwork, and also administrative costs. We address the special needs of urban and rural areas by providing for clinics and disease prevention activities.

In addition, we think consumers need better information in order to make better decisions. So we propose information to compare costs and then compare the quality of care provided by hospitals and other health care plans. These are things that I think that we all can wholeheartedly endorse and fully intend to implement.

But no discussion of health care reform is complete without emphasizing the necessity for personal responsibility for health promotion and then again for disease prevention. Tomorrow, Secretary Lou Sullivan, along with Prevention magazine, will announce the results of a survey on the health-related behavior of Americans. The prevention index tracks our national progress in avoiding special specific health-related risk behavior. We need your help in spreading the word that avoiding 10 common risk factors could prevent between 40 and 70 percent of all premature deaths, one-third of all cases of acute disability, and two-thirds of all cases of chronic disability. Individual action, that's what is needed around the Nation, at the level of personal health behavior.

At the same time, up here, right back to Washington, congressional action is needed to ensure that world-class health care continues to be directed by consumer choice and by free-market factors.

There's a crying need to change things. But I feel compelled to uphold the quality of American health care. We must not, in our desire to see change, diminish the quality of American health care. Our plan, I think, upholds the quality. Very candidly, I think the major two competing plans would tend to diminish the quality of American health care. We've seen it happen in some of these nationalized programs abroad, and I think the same thing would happen here. So we must not go for a program that is going to diminish the quality of American medical care.

So again, Dirk and Pam, thank you. We are very grateful for your leadership and helping to make all this happen. And to each and every one of you, my most sincere thanks. I really believe we can get something done, and I say that, recognizing that this is a weird year. [Laughter] This is what they call one of the weird ones out there. But when you have a commonsense idea, when you have something that is backed by the sound and sensible people like yourselves, we've got to find a way to make it happen. So I pledge you my full support. My driving interest behind this really can be brought to bear in the Congress in ways that our pros here in the front row think necessary. So I am with you and very, very grateful to you.

Now, on for your real session where you're going to learn a lot more about it. Thank you all very much for coming.

RADIO ADDRESS TO THE NATION ON HEALTH CARE REFORM—JULY 3, 1992

Today, I'm asking all Americans to help me break a logjam holding up reform of our health care system. Health care in our country is too expensive, too complicated. And too many times, the system is downright unfair. I've proposed comprehensive reforms, including four pieces of legislation now waiting in Congress' in-box. Americans could begin enjoying the benefits of reform right away if only Congress would act.

Let me tell you about our plan, including my legislation and some initiatives by House and Senate Republicans. We would lower costs for patients and providers alike by keeping high taxes, costly litigation, and big bureaucracies off their backs. We're fighting to give self-employed Americans the same tax advantages that big corporations already have, and that is being able to take 100 percent of health insurance premiums off their income taxes.

Our legislation also would help small businesses and self-employed people get the same break as the big guys through new purchasing networks and broader risk pooling. That's good because it will help drive down health care costs for everyone. And House Republicans have a good idea to let both employers and employees contribute to new tax-free MediSave accounts for health care.

It's time to reform our antiquated system, move things into the electronic age. Our legislation would cut paperwork and red tape and put health insurance on a modern electronic billing system. Going to the doctor should involve no more paperwork than using a credit card. I've also asked that horse-and-buggy-era rules end and that practices for patient records and consumer health information be replaced with computerization. By the end of the decade, these two reforms alone would save Americans an estimated $24 billion a year.

Just this week I sent Congress a bill to curb the runaway costs of medical liability. Nearly every community in this country knows gifted medical people, conscientious men and women, who no longer use their talents and training because they're afraid of being wiped out by damage suits. That's wrong. And it hurts every one of us. Everywhere I travel in this country, people tell me Americans should make more effort helping each other instead of suing each other. And that's why I'm asking Congress to pass my plan to put caps on damages and encourage settling disputes out of court.

We need medical malpractice reform now. But there's a logjam, the old-time liberal leadership in the Senate and the House stalling my reforms. While I want to curb the excessive damage awards in medical malpractice cases, too many in that Capitol Hill crowd are too beholden to the trial lawyers lobby to act in the people's interest. Where I want the freedom and the proven efficiency of the modern market to work, the old-time leadership wants Federal bureaucracy to control prices and ration services.

The biggest story of our time is the failure of socialism and all its empty promises, including nationalized health care and government price-setting. But somehow this news that shook the world hasn't seeped through the doors of the Democratic cloakrooms on Capitol Hill.

And that's why I'm asking your help. Let's get them the message. Americans deserve a better health care system. And they support the principles of my plan. Let's get our Senators and Congressmen off the dime and make them bring my plan to a vote.

Thank you for listening. And may God bless the United States of America.

MEMORANDUM OF DISAPPROVAL FOR THE REVENUE ACT OF 1992—NOVEMBER 4, 1992

The bill's Medicare provisions move in the opposite direction from the consensus view that we need to contain rising health care costs. They would increase Medicare costs by an estimated $3 billion over 5 years. For example, they invite a flood of costly lawsuits to challenge Medicare payments made as long as 6 years ago. These provisions would burden the courts and undermine consistent nationwide application of Medicare rules.

Another costly provision of H.R. 11 would permanently divert income taxes from the general fund of the Treasury to the Railroad Pension Fund. According to the Railroad Retirement Board, by the year 2016 this taxpayer subsidy could add $13 billion to this single industry pension fund. The diversion would set a dangerous precedent for other industry pension plans that may seek Federal taxpayer support in the future.

H.R. 11 abandons all pretense of fiscal discipline. It would increase the deficit in fiscal years 1994, 1995, and 1996. "Mandatory" spending would rise by more than $7 billion over 5 years—at a time of growing consensus that this portion of the budget must be brought under control.

The bill also arbitrarily increases statutory spending limits to allow roughly $600 million in increased payments to Medicare contractors for administrative costs. To benefit these companies, the Senate voted by the narrowest possible margin to waive its own rule requiring compliance with legal spending limits. These limits on discretionary spending were agreed to by bipartisan majorities of both Houses of Congress. It is irresponsible to waive them to benefit one group of companies.

I regret that my disapproval of H.R. 11 will prevent the enactment this year of many provisions that have my full support. However, the bill's benefits are overwhelmed by provisions that would endanger economic growth. I am therefore compelled to withhold my approval.

GEORGE BUSH

The White House
November 4, 1992

ADDRESS TO A JOINT SESSION OF THE CONGRESS ON HEALTH CARE REFORM—SEPTEMBER 22, 1993

Mr. Speaker, Mr. President, Members of Congress, distinguished guests, my fellow Americans, before I begin my words tonight I would like to ask that we all bow in a moment of silent prayer for the memory of those who were killed and those who have been injured in the tragic train accident in Alabama today.

Amen.

My fellow Americans, tonight we come together to write a new chapter in the American story. Our forebears enshrined the American dream: life, liberty, the pursuit of happiness. Every generation of Americans has worked to strengthen that legacy, to make our country a place of freedom and opportunity, a place where people who work hard can rise to their full potential, a place where their children can have a better future.

From the settling of the frontier to the landing on the Moon, ours has been a continuous story of challenges defined, obstacles overcome, new horizons secured. That is what makes America what it is and Americans what we are. Now we are in a time of profound change and opportunity. The end of the cold war, the information age, the global economy have brought us both opportunity and hope and strife and uncertainty. Our purpose in this dynamic age must be to make change our friend and not our enemy.

To achieve that goal, we must face all our challenges with confidence, with faith, and with discipline, whether we're reducing the deficit, creating tomorrow's jobs and training our people to fill them, converting from a high-tech defense to a high-tech domestic economy, expanding trade, reinventing Government, making our streets safer, or rewarding work over idleness. All these challenges require us to change.

If Americans are to have the courage to change in a difficult time, we must first be secure in our most basic needs. Tonight I want to talk to you about the most critical thing we can do to build that security. This health care system of ours is badly broken, and it is time to fix it. Despite the dedication of literally millions of talented health care professionals, our health care is too uncertain and too expensive, too bureaucratic and too wasteful. It has too much fraud and too much greed.

At long last, after decades of false starts, we must make this our most urgent priority, giving every American health security, health care that can never be taken away, health care that is always there. That is what we must do tonight.

On this journey, as on all others of true consequence, there will be rough spots in the road and honest disagreements about how we should proceed. After all, this is a complicated issue. But every successful journey is guided by fixed stars. And if we can agree on some basic values and principles, we will reach this destination, and we will reach it together.

So tonight I want to talk to you about the principles that I believe must embody our efforts to reform America's health care system: security, simplicity, savings, choice, quality, and responsibility.

When I launched our Nation on this journey to reform the health care system I knew we needed a talented navigator, someone with a rigorous mind, a steady compass, a caring heart. Luckily for me and for our Nation, I didn't have to look very far.

[At this point, audience members applauded Hillary Clinton, and she acknowledged them.]

Over the last 8 months, Hillary and those working with her have talked to literally thousands of Americans to understand the strengths and the frailties of this system of ours. They met with over 1,100 health care organizations. They talked with doctors and nurses, pharmacists and drug company representatives, hospital administrators, insurance company executives, and small and large businesses. They spoke with self-employed people. They talked with people who had insurance and people who didn't. They talked with union members and older Americans and advocates for our children. The First Lady also consulted, as all of you know, extensively with governmental leaders in both parties in the States of our Nation and especially here on Capitol Hill. Hillary and the task force received and read over 700,000 letters from ordinary citizens. What they wrote and the bravery with which they told their stories is really what calls us all here tonight.

Every one of us knows someone who's worked hard and played by the rules and still been hurt by this system that just doesn't work for too many people. But I'd like to tell you about just one. Kerry Kennedy owns a small furniture store that employs seven people in Titusville, Florida. Like most small business owners, he's poured his heart and

soul, his sweat and blood into that business for years. But over the last several years, again like most small business owners, he's seen his health care premiums skyrocket, even in years when no claims were made. And last year, he painfully discovered he could no longer afford to provide coverage for all his workers because his insurance company told him that two of his workers had become high risks because of their advanced age. The problem was that those two people were his mother and father, the people who founded the business and still work in the store.

This story speaks for millions of others. And from them we have learned a powerful truth. We have to preserve and strengthen what is right with the health care system, but we have got to fix what is wrong with it.

Now, we all know what's right. We're blessed with the best health care professionals on Earth, the finest health care institutions, the best medical research, the most sophisticated technology. My mother is a nurse. I grew up around hospitals. Doctors and nurses were the first professional people I ever knew or learned to look up to. They are what is right with this health care system. But we also know that we can no longer afford to continue to ignore what is wrong.

Millions of Americans are just a pink slip away from losing their health insurance and one serious illness away from losing all their savings. Millions more are locked into the jobs they have now just because they or someone in their family has once been sick and they have what is called the preexisting condition. And on any given day, over 37 million Americans, most of them working people and their little children, have no health insurance at all.

And in spite of all this, our medical bills are growing at over twice the rate of inflation, and the United States spends over a third more of its income on health care than any other nation on Earth. And the gap is growing, causing many of our companies in global competition severe disadvantage. There is no excuse for this kind of system. We know other people have done better. We know people in our own country are doing better. We have no excuse. My fellow Americans, we must fix this system, and it has to begin with congressional action.

I believe as strongly as I can say that we can reform the costliest and most wasteful system on the face of the Earth without enacting new broad-based taxes. I believe it because of the conversations I have had with thousands of health care professionals around the country,

with people who are outside this city but are inside experts on the way this system works and wastes money.

The proposal that I describe tonight borrows many of the principles and ideas that have been embraced in plans introduced by both Republicans and Democrats in this Congress. For the first time in this century, leaders of both political parties have joined together around the principle of providing universal, comprehensive health care. It is a magic moment, and we must seize it.

I want to say to all of you I have been deeply moved by the spirit of this debate, by the openness of all people to new ideas and argument and information. The American people would be proud to know that earlier this week when a health care university was held for Members of Congress just to try to give everybody the same amount of information, over 320 Republicans and Democrats signed up and showed up for 2 days just to learn the basic facts of the complicated problem before us.

Both sides are willing to say, “We have listened to the people. We know the cost of going forward with this system is far greater than the cost of change.” Both sides, I think, understand the literal ethical imperative of doing something about the system we have now. Rising above these difficulties and our past differences to solve this problem will go a long way toward defining who we are and who we intend to be as a people in this difficult and challenging era. I believe we all understand that. And so tonight, let me ask all of you, every Member of the House, every Member of the Senate, each Republican and each Democrat, let us keep this spirit and let us keep this commitment until this job is done. We owe it to the American people. [Applause]

Thank you. Thank you very much.

Now, if I might, I would like to review the six principles I mentioned earlier and describe how we think we can best fulfill these principles.

First and most important, security. This principle speaks to the human misery, to the costs, to the anxiety we hear about every day, all of us, when people talk about their problems with the present system. Security means that those who do not now have health care coverage will have it, and for those who have it, it will never be taken away. We must achieve that security as soon as possible.

Under our plan, every American would receive a health care security card that will guarantee a comprehensive package of benefits over the course of an entire lifetime, roughly comparable to the benefit package offered by most Fortune 500 companies. This health care security card will offer this package of benefits in a way that can never be taken away. So let us agree on this: Whatever else we disagree on, before this Congress finishes its work next year, you will pass and I will sign legislation to guarantee this security to every citizen of this country.

With this card, if you lose your job or you switch jobs, you're covered. If you leave your job to start a small business, you're covered. If you're an early retiree, you're covered. If someone in your family has unfortunately had an illness that qualifies as a preexisting condition, you're still covered. If you get sick or a member of your family gets sick, even if it's a life-threatening illness, you're covered. And if an insurance company tries to drop you for any reason, you will still be covered, because that will be illegal. This card will give comprehensive coverage. It will cover people for hospital care, doctor visits, emergency and lab services, diagnostic services like Pap smears and mammograms and cholesterol tests, substance abuse, and mental health treatment.

And equally important, for both health care and economic reasons, this program for the first time would provide a broad range of preventive services including regular checkups and well-baby visits. Now, it's just common sense. We know, any family doctor will tell you, that people will stay healthier and the long-term costs of the health system will be lower if we have comprehensive preventive services. You know how all of our mothers told us that an ounce of prevention was worth a pound of cure? Our mothers were right. And it's a lesson like so many lessons from our mothers that we have waited too long to live by. It is time to start doing it.

Health care security must also apply to older Americans. This is something I imagine all of us in this room feel very deeply about. The first thing I want to say about that is that we must maintain the Medicare program. It works to provide that kind of security. But this time and for the first time, I believe Medicare should provide coverage for the cost of prescription drugs.

Yes, it will cost some more in the beginning. But again, any physician who deals with the elderly will tell you that there are thousands of elderly people in every State who are not poor enough to be on Medicaid but just above that line and on Medicare, who desperately

need medicine, who make decisions every week between medicine and food. Any doctor who deals with the elderly will tell you that there are many elderly people who don't get medicine, who get sicker and sicker and eventually go to the doctor and wind up spending more money and draining more money from the health care system than they would if they had regular treatment in the way that only adequate medicine can provide.

I also believe that over time, we should phase in long-term care for the disabled and the elderly on a comprehensive basis. As we proceed with this health care reform, we cannot forget that the most rapidly growing percentage of Americans are those over 80. We cannot break faith with them. We have to do better by them.

The second principle is simplicity. Our health care system must be simpler for the patients and simpler for those who actually deliver health care: our doctors, our nurses and our other medical professionals. Today we have more than 1,500 insurers, with hundreds and hundreds of different forms. No other nation has a system like this. These forms are time consuming for health care providers. They're expensive for health care consumers. They're exasperating for anyone who's ever tried to sit down around a table and wade through them and figure them out.

The medical care industry is literally drowning in paperwork. In recent years, the number of administrators in our hospitals has grown by 4 times the rate that our number of doctors has grown. A hospital ought to be a house of healing, not a monument to paperwork and bureaucracy.

Just a few days ago, the Vice President and I had the honor of visiting the Children's Hospital here in Washington where they do wonderful, often miraculous things for very sick children. A nurse named Debbie Freiberg told us that she was in the cancer and bone marrow unit. The other day a little boy asked her just to stay at his side during his chemotherapy. And she had to walk away from that child because she had been instructed to go to yet another class to learn how to fill out another form for something that didn't have a lick to do with the health care of the children she was helping. That is wrong, and we can stop it, and we ought to do it.

We met a very compelling doctor named Lillian Beard, a pediatrician, who said that she didn't get into her profession to spend hours and hours—some doctors up to 25 hours a week—just filling out forms.

She told us she became a doctor to keep children well and to help save those who got sick. We can relieve people like her of this burden. We learned, the Vice President and I did, that in the Washington Children's Hospital alone, the administrators told us they spend $2 million a year in one hospital filling out forms that have nothing whatever to do with keeping up with the treatment of the patients.

And the doctors there applauded when I was told and I related to them that they spend so much time filling out paperwork, that if they only had to fill out those paperwork requirements necessary to monitor the health of the children, each doctor on that hospital staff, 200 of them, could see another 500 children a year. That is 10,000 children a year. I think we can save money in this system if we simplify it. And we can make the doctors and the nurses and the people that are giving their lives to help us all be healthier a whole lot happier, too, on their jobs.

Under our proposal there would be one standard insurance form, not hundreds of them. We will simplify also—and we must—the Government's rules and regulations, because they are a big part of this problem. This is one of those cases where the physician should heal thyself. We have to reinvent the way we relate to the health care system, along with reinventing Government. A doctor should not have to check with a bureaucrat in an office thousands of miles away before ordering a simple blood test. That's not right, and we can change it. And doctors, nurses, and consumers shouldn't have to worry about the fine print. If we have this one simple form, there won't be any fine print. People will know what it means.

The third principle is savings. Reform must produce savings in this health care system. It has to. We're spending over 14 percent of our income on health care. Canada's at 10. Nobody else is over 9. We're competing with all these people for the future. And the other major countries, they cover everybody, and they cover them with services as generous as the best company policies here in this country.

Rampant medical inflation is eating away at our wages, our savings, our investment capital, our ability to create new jobs in the private sector, and this public Treasury. You know the budget we just adopted had steep cuts in defense, a 5 year freeze on the discretionary spending, so critical to reeducating America and investing in jobs and helping us to convert from a defense to a domestic economy. But we passed a budget which has Medicaid increases of between 16 and 11 percent a year over the next 5 years and Medicare increases of between 11 and 9 percent in an environment where we assume

inflation will be at 4 percent or less. We cannot continue to do this. Our competitiveness, our whole economy, the integrity of the way the Government works, and ultimately, our living standards depend upon our ability to achieve savings without harming the quality of health care.

Unless we do this, our workers will lose $655 in income each year by the end of the decade. Small businesses will continue to face skyrocketing premiums. And a full third of small businesses now covering their employees say they will be forced to drop their insurance. Large corporations will bear bigger disadvantages in global competition. And health care costs will devour more and more and more of our budget. Pretty soon all of you or the people who succeed you will be showing up here and writing out checks for health care and interest on the debt and worrying about whether we've got enough defense, and that will be it, unless we have the courage to achieve the savings that are plainly there before us. Every State and local government will continue to cut back on everything from education to law enforcement to pay more and more for the same health care.

These rising costs are a special nightmare for our small businesses, the engine of our entrepreneurship and our job creation in America today. Health care premiums for small businesses are 35 percent higher than those of large corporations today. And they will keep rising at double-digit rates unless we act.

So how will we achieve these savings? Rather than looking at price control or looking away as the price spiral continues, rather than using the heavy hand of Government to try to control what's happening or continuing to ignore what's happening, we believe there is a third way to achieve these savings. First, to give groups of consumers and small businesses the same market bargaining power that large corporations and large groups of public employees now have, we want to let market forces enable plans to compete on the basis of price and quality, not simply to allow them to continue making money by turning people away who are sick or old or performing mountains of unnecessary procedures. But we also believe we should back this system up with limits on how much plans can raise their premiums year-in and year-out, forcing people, again, to continue to pay more for the same health care, without regard to inflation or the rising population needs.

We want to create what has been missing in this system for too long and what every successful nation who has dealt with this problem has already had to do: to have a combination of private market forces and

a sound public policy that will support that competition, but limit the rate at which prices can exceed the rate of inflation and population growth, if the competition doesn't work, especially in the early going.

The second thing I want to say is that unless everybody is covered—and this is a very important thing—unless everybody is covered, we will never be able to fully put the brakes on health care inflation. Why is that? Because when people don't have any health insurance, they still get health care, but they get it when it's too late, when it's too expensive, often from the most expensive place of all, the emergency room. Usually by the time they show up, their illnesses are more severe, and their mortality rates are much higher in our hospitals than those who have insurance. So they cost us more. And what else happens? Since they get the care but they don't pay, who does pay? All the rest of us. We pay in higher hospital bills and higher insurance premiums. This cost shifting is a major problem.

The third thing we can do to save money is simply by simplifying the system, what we've already discussed. Freeing the health care providers from these costly and unnecessary paperwork and administrative decisions will save tens of billions of dollars. We spend twice as much as any other major country does on paperwork. We spend at least a dime on the dollar more than any other major country. That is a stunning statistic. It is something that every Republican and every Democrat ought to be able to say, we agree that we're going to squeeze this out. We cannot tolerate this. This has nothing to do with keeping people well or helping them when they're sick. We should invest the money in something else.

We also have to crack down on fraud and abuse in the system. That drains billions of dollars a year. It is a very large figure, according to every health care expert I've ever spoken with. So I believe we can achieve large savings. And that large savings can be used to cover the unemployed uninsured and will be used for people who realize those savings in the private sector to increase their ability to invest and grow, to hire new workers or to give their workers pay raises, many of them for the first time in years.

Now, nobody has to take my word for this. You can ask Dr. Koop. He's up here with us tonight, and I thank him for being here. Since he left his distinguished tenure as our Surgeon General, he has spent an enormous amount of time studying our health care system, how it operates, what's right and wrong with it. He says we could spend $200

billion every year, more than 20 percent of the total budget, without sacrificing the high quality of American medicine.

Ask the public employees in California, who've held their own premiums down by adopting the same strategy that I want every American to be able to adopt, bargaining within the limits of a strict budget. Ask Xerox, which saved an estimated $1,000 per worker on their health insurance premium. Ask the staff of the Mayo Clinic, who we all agree provides, some of the finest health care in the world. They are holding their cost increases to less than half the national average. Ask the people of Hawaii, the only State that covers virtually all of their citizens and has still been able to keep costs below the national average.

People may disagree over the best way to fix this system. We may all disagree about how quickly we can do the thing that we have to do. But we cannot disagree that we can find tens of billions of dollars in savings in what is clearly the most costly and most bureaucratic system in the entire world. And we have to do something about that, and we have to do it now.

The fourth principle is choice. Americans believe they ought to be able to choose their own health care plan and keep their own doctors. And I think all of us agree. Under any plan we pass, they ought to have that right. But today, under our broken health care system, in spite of the rhetoric of choice, the fact is that that power is slipping away for more and more Americans.

Of course, it is usually the employer, not the employee, who makes the initial choice of what health care plan the employee will be in. And if your employer offers only one plan, as nearly three-quarters of small or medium-sized firms do today; you're stuck with that plan and the doctors that it covers.

We propose to give every American a choice among high quality plans. You can stay with your current doctor, join a network of doctors and hospitals, or join a health maintenance organization. If you don't like your plan, every year you'll have the chance to choose a new one. The choice will be left to the American citizen, the worker, not the boss and certainly not some Government bureaucrat.

We also believe that doctors should have a choice as to what plans they practice in. Otherwise, citizens may have their own choices limited. We want to end the discrimination that is now growing against

doctors and to permit them to practice in several different plans. Choice is important for doctors, and it is absolutely critical for our consumers. We've got to have it in whatever plan we pass.

The fifth principle is quality. If we reformed everything else in health care but failed to preserve and enhance the high quality of our medical care, we will have taken a step backward, not forward. Quality is something that we simply can't leave to chance. When you board an airplane, you feel better knowing that the plan had to meet standards designed to protect your safety. And we can't ask any less of our health care system.

Our proposal will create report cards on health plans, so that consumers can choose the highest quality health care providers and reward them with their business. At the same time, our plan will track quality indicators, so that doctors can make better and smarter choices of the kind of care they provide. We have evidence that more efficient delivery of health care doesn't decrease quality. In fact, it may enhance it.

Let me just give you an example of one commonly performed procedure, the coronary bypass operation. Pennsylvania discovered that patients who were charged $21,000 for this surgery received as good or better care as patients who were charged $84,000 for the same procedure in the same State. High prices simply don't always equal good quality. Our plan will guarantee that high quality information is available in even the most remote areas of this country so that we can have high quality service, linking rural doctors, for example, with hospitals with high-tech urban medical centers. And our plan will ensure the quality of continuing progress on a whole range of issues by speeding research on effective prevention and treatment measures for cancer, for AIDS, for Alzheimer's, for heart disease, and for other chronic diseases. We have to safeguard the finest medical research establishment in the entire world. And we will do that with this plan. Indeed, we will even make it better.

The sixth and final principle is responsibility. We need to restore a sense that we're all in this together and that we all have a responsibility to be a part of the solution. Responsibility has to start with those who profit from the current system. Responsibility means insurance companies should no longer be allowed to cast people aside when they get sick. It should apply to laboratories that submit fraudulent bills, to lawyers who abuse malpractice claims, to doctors who order unnecessary procedures. It means drug companies should

no longer charge 3 times here in the United States, than they charge for the same drugs overseas.

In short, responsibility should apply to somebody who abuses this system and drives up the cost for honest, hard-working citizens and undermines confidence in the honest, gifted health care providers we have. Responsibility also means changing some behaviors in this country that drive up our costs like crazy. And without changing it we'll never have the system we ought to have, we will never.

Let me just mention a few and start with the most important: The outrageous costs of violence in this country stem in large measure from the fact that this is the only country in the world where teenagers can rout the streets at random with semiautomatic weapons and be better armed than the police.

But let's not kid ourselves; it's not that simple. We also have higher rates of AIDS, of smoking and excessive drinking, of teen pregnancy, of low birth weight babies. And we have the third worst immunization rate of any nation in the Western Hemisphere. We have to change our ways if we ever really want to be healthy as a people and have an affordable health care system. And no one can deny that.

But let me say this—and I hope every American will listen, because this is not an easy thing to hear—responsibility in our health care system isn't just about them. It's about you. It's about me. It's about each of us. Too many of us have not taken responsibility for our own health care and for our own relations to the health care system. Many of us who have had fully paid health care plans have used the system whether we needed it or not without thinking what the costs were. Many people who use this system don't pay a penny for their care even though they can afford to. I think those who don't have any health insurance should be responsible for paying a portion of their new coverage. There can't be any something for nothing, and we have to demonstrate that to people. This is not a free system. Even small contributions, as small as the $10 co-payment when you visit a doctor, illustrates that this is something of value. There is a cost to it. It is not free.

And I want to tell you that I believe that all of us should have insurance. Why should the rest of us pick up the tab when a guy who doesn't think he needs insurance or says he can't afford it gets in an accident, winds up in an emergency room, gets good care, and everybody else pays? Why should the small business people who are

struggling to keep afloat and take care of their employees have to pay to maintain this wonderful health care infrastructure for those who refuse to do anything? If we're going to produce a better health care system for every one of us, every one of us is going to have to do our part. There cannot be any such thing as a free ride. We have to pay for it. We have to pay for it.

Tonight I want to say plainly how I think we should do that. Most of the money will come, under my way of thinking, as it does today, from premiums paid by employers and individuals. That's the way it happens today. But under this health care security plan, every employer and every individual will be asked to contribute something to health care.

This concept was first conveyed to the Congress about 20 years ago by President Nixon. And today, a lot of people agree with the concept of shared responsibility between employers and employees and that the best thing to do is to ask every employer and every employee to share that. The Chamber of Commerce has said that, and they're not in the business of hurting small business. The American Medical Association has said that.

Some call it an employer mandate, but I think it's the fairest way to achieve responsibility in the health care system. And it's the easiest for ordinary Americans to understand because it builds on what we already have and what already works for so many Americans. It is the reform that is not only easiest to understand but easiest to implement in a way that is fair to small business, because we can give a discount to help struggling small businesses meet the cost of covering their employees. We should require the least bureaucracy or disruption and create the cooperation we need to make the system cost conscious, even as we expand coverage. And we should do it in a way that does not cripple small businesses and low wageworkers.

Every employer should provide coverage, just as three-quarters do now. Those that pay are picking up the tab for those who don't today. I don't think that's right. To finance the rest of reform, we can achieve new savings, as I have outlined, in both the Federal Government and the private sector through better decision-making and increased competition. And we will impose new taxes on tobacco. I don't think that should be the only source of revenues. I believe we should also ask for a modest contribution from big employers who opt out of the system to make up for what those who are in the system pay for medical research, for health education centers, for all the subsidies to

small business, for all the things that everyone else is contributing to. But between those two things, we believe we can pay for this package of benefits and universal coverage and a subsidy program that will help small business.

These sources can cover the cost of the proposal that I have described tonight. We subjected the numbers in our proposal to the scrutiny of not only all the major agencies in Government—I know a lot of people don't trust them, but it would be interesting for the American people to know that this was the first time that the financial experts on health care in all of the different Government agencies have ever been required to sit in the room together and agree on numbers. It had never happened before. But obviously, that's not enough. So then we gave these numbers to actuaries from major accounting firms and major Fortune 500 companies who have no stake in this other than to see that our efforts succeed. So I believe our numbers are good and achievable.

Now, what does this mean to an individual American citizen? Some will be asked to pay more. If you're an employer and you aren't insuring your workers at all, you'll have to pay more. But if you're a small business with fewer than 50 employees, you'll get a subsidy. If you're a firm that provides only very limited coverage, you may have to pay more. But some firms will pay the same or less for more coverage.

If you're a young, single person in your twenties and you're already insured, your rates may go up somewhat because you're going to go into a big pool with middle-aged people and older people, and we want to enable people to keep their insurance even when someone in their family gets sick. But I think that's fair because when the young get older they will benefit from it, first, and secondly, even those who pay a little more today will benefit 4, 5, 6, 7 years from now by our bringing health care costs closer to inflation.

Over the long run, we can all win. But some will have to pay more in the short run. Nevertheless, the vast majority of Americans watching this tonight will pay the same or less for health care coverage that will be the same or better than the coverage they have tonight. That is the central reality.

If you currently get your health insurance through your job, under our plan you still will. And for the first time, everybody will get to choose from among at least three plans to belong to. If you're a small business owner who wants to provide health insurance to your family

and your employees, but you can't afford it because the system is stacked against you, this plan will give you a discount that will finally make insurance affordable. If you're already providing insurance, your rates may well drop because we'll help you as a small business person join thousands of others to get the same benefits big corporations get at the same price they get those benefits. If you're self-employed, you'll pay less, and you will get to deduct from your taxes 100 percent of your health care premiums. If you're a large employer, your health care costs won't go up as fast, so that you will have more money to put into higher wages and new jobs and to put into the work of being competitive in this tough global economy.

Now, these, my fellow Americans are the principles on which I think we should base out efforts: security, simplicity, savings, choice, quality, and responsibility. These are the guiding stars that we should follow on our journey toward health care reform.

Over the coming months, you'll be bombarded with information from all kinds of sources. There will be some who will stoutly disagree with what I have proposed and with all other plans in the Congress, for that matter. And some of the arguments will be genuinely sincere and enlightening. Others may simply be scare tactics by those who are motivate by the self-interest they have in the waste the system now generates, because that waste is providing jobs, incomes, and money for some people. I ask you only to think of this when you hear all of these arguments: Ask yourself whether the cost of staying on this same course isn't greater than the cost of change. And ask yourself, when you hear the arguments, whether the arguments are in your interest or someone else's. This is something we have got to try to do together.

I want also to say to the Representatives in Congress, you have a special duty to look beyond these arguments. I ask you instead to look into the eyes of the sick child who needs care, to think of the face of the woman who's been told not only that her condition is malignant but not covered by her insurance, to look at the bottom lines of the businesses driven to bankruptcy by heath care costs, to look at the "for sale" signs in front of the homes of families who have lost everything because of their health care costs.

I ask you to remember the kind of people I met over the last year and a half: the elderly couple in New Hampshire that broke down and cried because of their shame at having an empty refrigerator to pay for their drugs; a woman who lost a $50,000 job that she used to support her

six children because her youngest child was so ill that she couldn't keep health insurance, and the only way to care for the child was to get public assistance; a young couple that had a sick child and could only get insurance from one of the parents' employers that was a nonprofit corporation with 20 employees, and so they had to face the question of whether to let this poor person with a sick child go or raise the premiums of every employee in the firm by $200; and on and on and on.

I know we have differences of opinion, but we are here tonight in a spirit that is animated by the problems of those people and by the sheer knowledge that if we can look into our heart, we will not be able to say that the greatest nation in the history of the world is powerless to confront this crisis.

Our history and our heritage tell us that we can meet this challenge. Everything about America's past tells us we will do it. So I say to you, let us write that new chapter in the American story. Let us guarantee every American comprehensive health benefits that can never be taken away.

You know, in spite of all the work we've done together and all the progress we've made, there's still a lot of people who say it would be an outright miracle if we passed health care reform. But my fellow Americans, in a time of change you have to have miracles. And miracles do happen. I mean, just a few days ago we saw a simple handshake shatter decades of deadlock in the Middle East. We've seen the walls crumble in Berlin and South Africa. We see the ongoing brave struggle of the people of Russia to seize freedom and democracy.

And now it is our turn to strike a blow for freedom in this country, the freedom of Americans to live without fear that their own Nation's health care system won't be there for them when they need it. It's hard to believe that there was once a time in this century when that kind of fear gripped old age, when retirement was nearly synonymous with poverty and older Americans died in the street. That's unthinkable today, because a half a century ago Americans had the courage to change, to create a Social Security System that ensures that no Americans will be forgotten in their later years.

Forty years from now, our grandchildren will also find it unthinkable that there was a time in this country when hardworking families lost their homes, their savings, their businesses, lost everything simply because their children got sick or because they had to change jobs.

Our grandchildren will find such things unthinkable tomorrow if we have the courage to change today.

This is our chance. This is our journey. And when our work is done, we will know that we have answered the call of history and met the challenge of our time.

Thank you very much, and God bless America.

LETTER TO CONGRESSIONAL LEADERS ON PROPOSED HEALTH CARE REFORM LEGISLATION—OCTOBER 27, 1993

Dear Gentlemen:

The “Health Security Act of 1993” holds the promise of a new era of security for every American—an era in which our nation finally guarantees its citizens comprehensive health care benefits that can never be taken away.

Today, America boasts the world’s best health care professionals, the finest medical schools and hospitals, the most advanced research and the most sophisticated technology. No other health care system in the world exceeds ours in the level of scientific knowledge, skill and technical resources.

And yet the American health care system is badly broken. Its hallmarks are insecurity and dangerously rising costs.

For most Americans the fear of losing health benefits at some time has become very real. Our current health insurance system offers no protection for people who lose their hobs, move, decide to change jobs, get sick, or have a family member with an illness. One out of four Americans is expected to lose insurance coverage in the next two years, many never to be protected again. Altogether, more than 37 million Americans have no insurance and another 25 million have inadequate health coverage.

Rising health care costs are threatening our standard of living. The average American worker would be making $1,000 a year more today if health care accounted for the same proportion of wages and benefits as in 1975. Unless we act, health care costs will lower real wages by almost $600 per year by the end of the decade and nearly one in every five dollars Americans spend will go to health care.

Small businesses create most of the new jobs in America and while most want to cover their employees, more and more cannot. Under the current health care system, cost pressures are forcing a growing number of small business owners to scale back or drop health insurance for their employees. Small businesses spend 40 cents of every health insurance dollar for administration—eight times as much as large companies. And only one in every three companies with fewer than 500 workers today offers its employees a choice of health plan.

Our health care system frustrates those who deliver care. Doctors and nurses are drowning in paperwork, and hospitals are hiring administrators at four times the rate of health care professionals. The system places decision that doctors should be making in the hands of distant bureaucrats. Its incentives are upside down; it focuses on treating people only after they get sick, and does not reward prevention.

Clearly, our challenges are great. This legislation is sweeping in its ambition and simple in its intent: to preserve and strengthen what is right about our health care system, and fix what is wrong.

Our needs are now urgent. A nation blessed with so much should not leave so many without health security.

This legislation draws upon history. It reflects the best ideas distilled from decades of debate and experience.

It reflects the responsibility that President Franklin Roosevelt called for when he launched the Social Security program in 1933 and recommended that health care be included.

It reflects the vision of President Harry Truman, who in 1946 became the first President to introduce a plan for national health reform.

It reflects the pragmatism of President Richard Nixon, who in 1972 asked all American employers to take responsibility and contribute to their workers' health care.

And it reflects the ideas and commitment of generations of Congressional leaders who have fought to build a health care system that honors our nation's commitments to all its citizens.

Today America stands ready for reform. For the first time, members of both parties have agreed that every American must be guaranteed health care. An opportunity has been placed before us. We must not let it pass by.

This legislation builds on what's best about the American health care system. It maintains and strengthens America's private health care. It extends the current system of employer based coverage that works so well for so many. It protects our cherished right to choose how we are cared for and who provides that care. It invests in improving the quality of our care.

This legislation recognizes that America cannot, and need not, adopt one model of health care reform. It allows each state to tailor health reform to its unique needs and characteristics, as long as it meets national guarantees for comprehensive benefits, affordability and quality standards. It establishes a national framework for reform, but leaves the decisions about care where they belong—between patients and the health care professionals they trust.

Under this legislation, every citizen and legal resident will receive a Health Security card that guarantees the comprehensive benefits package. People will be able to follow their doctor into a traditional fee-for-service plan, join a network of doctors and hospitals, or become members of a Health Maintenance Organization. Like today, almost everyone will be able to sign up for a health plan where they work. Unlike today, changes in employment or family status will not necessarily force a change in health coverage.

The self-employed and the unemployed will receive their health coverage through the regional health alliance, a group run by consumers and business leaders, that will contract with and pay health plans, provide information to help consumers choose plans, and collect premiums. The largest corporations—those employing 5,000 workers or more—will have the option of continuing to self-insure their employees or joining a regional alliance.

The legislation is financed by three sources: requiring every employer and individual to contribute to paying the cost of health care; raising excise taxes on tobacco and requiring small contributions from large corporations which form their own health alliance; and slowing the growth in spending on federal health care programs. Enormous efforts have been made to ensure that the financing is sound and responsible.

The Health Security Act is based upon six principles: security, simplicity, savings, quality, choice and responsibility.

Security. First and foremost, this legislation guarantees security by providing every American and legal resident with a comprehensive package of health care benefits that can never be taken away. That package of benefits, defined by law, includes a new emphasis on preventive care and offers all Americans prescription drug benefits.

Under this legislation, insurers will no longer be able to deny anyone coverage, impose lifetime limits, or charge people based on their health status or age. The legislation also limits annual increases in

health care premiums, and sets maximum amounts that families will spend out-of-pocket each year, regardless of how much or how often they receive medical care.

The legislation will preserve and strengthen Medicare, adding new coverage for prescription drugs. To meet the growing needs of older Americans and people with disabilities, a new long-term care initiative will expand coverage of home and community based care.

The legislation also provides residents of underserved rural and urban areas with better access to quality care. It also offers incentives for health professionals to practice in these areas, builds urban—rural health care networks, and protects those doctors, hospitals, clinics and others who care for people in underserved areas.

Simplicity. To relieve consumers, business and health professionals of the burdens of excess paperwork and bureaucracy, this legislation simplifies our health care system. It requires all health plans to adopt a standard claim form; creates a uniform, comprehensive benefits package; and standardizes billing and coding procedures.

Savings. The legislation promotes true competition in the health care marketplace. It increases the buying power of consumers and businesses by bringing them together in health alliances. Health plans will no longer succeed by trying to pick only healthy people to insure; they will have to compete on price and quality. This competition will be backed up by enforceable premium caps.

This legislation also criminalizes health fraud, imposing stiff penalties on those who cheat the system. And it takes steps to reduce “defensive medicine” and discourage frivolous medical malpractice lawsuits by requiring patients and doctors to try to settle disputes before they end up in court, and by limiting lawyers’ fees.

Quality. The legislation empowers consumers and health care professionals by providing information on quality standards and treatment results. It calls for new investments in medical research, including heart disease, bone and joint disease, Alzheimer’s disease, cancer, AIDS, birth defects, mental disorders, substance abuse and nutrition. To help keep people healthy, rather than only treating them after they get sick, the legislation pays fully for a wide range of preventive services and offers new incentives to educate primary care doctors, nurses and other family practitioners.

Choice. Through comprehensive reform, the legislation gives Americans a new level of control over their health care choices. It ensures that people can follow their doctor and his or her team into any plan they choose to join. It transfers the choice of health plan from the employer to the individual, and guarantees a choice of health plans, including at least one traditional fee-for-service plan. Doctors and health professionals may participate in multiple health plans if they wish.

Responsibility. Under this legislation, every employer and individual will be required to pay for health coverage, even if that contribution is small. It extends the current employer based system for financing health coverage—a system that now serves nine of every ten Americans who now have health insurance. To ensure affordability, small businesses, low wage employers and low-income individuals and families will get substantial discounts.

This legislation will strengthen our economy. Our current system is so much more costly than any other system in the world, and the American people should not be asked to pay huge new taxes in order to afford health care reform. This plan raises no new broad based taxes, but spends our health care dollars more wisely. It levels the playing field for small businesses, making it possible for them to insure their families and employees. It eases the tremendous burden of rising health costs on big business, helping them to compete for global markets. And by bringing the explosive growth in health costs under control, it sets us in the right direction of reducing our national debt.

The legislation restores common sense to American health care. It borrows from what works today, letting us phase in change at a reasonable pace and adjust our course if needed. If builds on what works best—and makes it work for everyone. Our task now is to work together, to leave behind decades of false starts and agree on health care reform that guarantees true security. The time for action is now. I urge the prompt and favorable consideration of this legislative proposal by the Congress.

Sincerely,

BILL CLINTON

REMARKS ON PRESENTING PROPOSED HEALTH CARE REFORM LEGISLATION TO THE CONGRESS—OCTOBER 27, 1993

Thank you very much. Thank you, Mr. Speaker, Senator Mitchell, Senator Dole, Congressman Gephardt, Congressman Michel. To all the distinguished Members of the Congress from both Houses and both parties who are here today, I thank you for your presence and your continuing interest. I thank you for giving Hillary and me the opportunity to come here to Statuary Hall.

This has been a remarkable process. I can never remember a time in which so many Members of Congress from both parties and both Houses had so consistent and abiding commitment to finding an answer to a problem that has eluded the country and the Congress for a very long time. I want to thank the hundreds, indeed thousands, of people who have worked on this process, which has led to the bill. I want to thank the literally hundreds of Members of Congress who attended the health care university recently, an astonishing act of outreach by a bipartisan majority of the United States Congress to try to just come to grips with the enormous complexity and challenge of this issue.

I believe the "Health Security Act," which I am here to deliver, holds the promise of a new era of security for every American and is an important building block in trying to restore the kind of self-confidence that our country needs to face the future, to embrace the changes of the global economy, and to turn our Nation around. A nation which does not guarantee all of its people health care security at a time when the average 18-year-old will change jobs eight times in a lifetime and when the global economy is emerging in patterns yet to be defined can hardly have the confidence it needs to proceed forward. If our Nation does that, I believe we will do as we approach the 21st century what we have always done: We will find a way to adapt to the changes of this time; we will find a way to compete and win; we will find a way to make strength out of all of our diversity.

This legislation, therefore, literally holds the key to a new era for our economy, an era in which we can get our health care costs under control, free our businesses to compete better in the global economy, and make sure that the men and women who show up for work every day are more productive because they're more secure and they feel that they can do two important jobs at once: be good members of

their family, be good parents and good children, as well as good workers.

This is a test for all of us, a test of whether the leaders of this country can serve the people who sent us here and can actually take action on an issue that, as tough and complex as it is, is still absolutely central to moving us forward. And it is a test that I believe we can all pass. And so I have today just one simple request: I ask that before the Congress finishes its work next year, you pass and I sign a bill that will actually guarantee health security to every citizen of this great country of ours.

The plan that we present today, as embodied in this book as well as the bill, is very specific, it is very detailed, and it is very responsible. And though we will debate many points, and we should debate many points, let me just make clear to you the central element of this plan that is most important to me: It guarantees every single American a comprehensive package of health benefits. And that, to me, is the most important thing, a comprehensive package of health care benefits that are always there and that can never be taken away. That is the bill I want to sign. That is my bottom line. I will not support or sign a bill that does not meet that criteria. That is what we owe the American people.

Now, as we enter this debate, which I very much look forward to, I ask that we keep some things in mind. First of all, when we debate something that the administration recommends or something some of you recommend and it seems bewildering in its complexity, I ask that it be compared against what we have now, because none of us could devise a system more complex, more burdensome, more administratively costly than the one we have now. Let us all judge ourselves against, after all, what it is we are attempting to change.

Secondly, I ask that we follow the admonition that Senator Dole laid for us: Let us all ask ourselves as clearly as we can, who wins, who loses, why is the society better off, and how much does it cost or save? And if we know, let us say. And if we don't know, let us frankly admit that we may not know the answer to every question.

We have gotten in a lot of trouble as a nation, I think—and I see Senator Domenici, one of our great budget experts, nodding his head—pretending that we could know the answer to some things that we don't know the answer to. We have tried to be as conservative as we could here in making sure that we have not over claimed for cost

savings or overestimated how small the cost of things will be. Therefore, I think we have, in our plan, put more money in than it will cost to implement this plan, but better to be wrong on that side than the other side. We have really worked hard here. And I think we must all do that.

Thirdly, I think we should all say what are the principles that animate this debate. For us, the principles are simple. They're the ones I outlined in my address to Congress, but let me briefly state them again. They are: security, over and above everything; simplicity, the system we create must be simpler than the one we have; savings, we cannot continue to spend for what we have 40 percent more than any other country and much more than that over and above what our major competitors, Germany and Japan, spend to cover fewer people; quality, we must not ask any American to give up the quality of health care; choice, people have to have choice in the private system of health care. Our plan would provide more choices to most Americans and fewer choices to none. And there must be responsibility. To pretend that we can control the costs and take this system where it ought to go without asking more Americans to assume more personal responsibility is not realistic. We have too many costs in our system that are the direct result of personal decisions made by the American people that lead to rampant inflation based on personal irresponsibility. And we have to tell the American people that and be willing to honestly and forthrightly debate it.

Now, our plan guarantees comprehensive benefits and focuses on keeping people healthy as well as treating them when they're sick by providing primary and preventive care. It reduces paperwork by simplifying the forms that have to be dealt with by doctors, by hospitals, by people with insurance. And that's important. Every one of us can agree on at least this: that the paperwork in this system costs at least a dime on the dollar more than any of our major competitors pay. We must deal with this. That's a dime on the dollar in a $900 billion health care system. We can't justify that. It has nothing to do with keeping people well or helping them when they are sick. We have to crack down on fraud. We know our system today is so complex we waste tens of billions of dollars in fraudulent medical expenses that we can change. We ought to help small and medium sized businesses, self-employed people, and family farmers to have access to the same market power in holding their costs down that big business and Government have today.

I agree with Senator Dole or whoever it was that said this term "alliance" sounds foreboding, but an alliance is basically a group of small and medium-sized businesses and self-employed people and farmers designed to give them the same bargaining power in the health care market that only the Government and big business has today. We must do that. We cannot expect people to be at that kind of disadvantage, especially since many of them are creating most of the new jobs for the American economy.

We should, and we do, protect our cherished right to choose our doctors. Indeed, we try to increase choices for most Americans. Most workers insured in the workplace have now not very many choices about what kind of health care they receive; only about one in three have choices. Under our plan, all workers would have more choices in the kind of health care they receive without charging their employers more for the workers having the option to make that choice.

We preserve and strengthen Medicare. We give small businesses a discount on the cost of insurance. We invest more in medical research and high-quality care. We must never sacrifice that. That's something we want America to spend more on than any other country. We get something for it. It's an important part of our economy and an important part of our security. We should continue to do that.

Our plan rejects broad based taxes but does ask everyone not paying into the system that is still there for them when they need it, to pay in accordance with their ability to pay. Two-thirds of the funds that finance this entire system come from asking people who can access the system today, who have money but don't pay a nickel for it, to pay their fair share. And I think we ought to do that. It's not right for people to avoid their responsibility and then access the system that the rest of the American people pay for. And they pay too much because too many people don't pay anything at all.

So these are the fundamental elements of our plan, of this bill. But above all, it guarantees true health care security. It means if you lose your job, you're covered; if you move, you're covered; if you leave your job to start a small business, you're covered. It means if you or a member of your family gets sick, you're covered, even if it's a life-threatening illness. It means if you develop a long-term illness, because you will be in broad based community rating systems, you will still be able to work. It means that the disabled community in America, full of people, millions of them, who could be in the work force today, will now be able to work and contribute and earn money and pay taxes

because they will be in a health care system that will not burden their employers or put there employers at undue risk.

That's what security means. It means that we will, in other words, be able to make the most of the potential of every working American who wishes to work during the time they can work. It is a huge, huge economic benefit in that sense. Every nation with which we compete has achieved this. Only the United States has failed to do so. We are now going to be given the chance to do it. And I think we must, and I think we will.

I want to reiterate what I have said so many times. I have no pride of authorship, nor do I wish this to be a partisan endeavor or victory. We have tried to draw on the best ideas put forth over the last 60 years by both Democrats and Republicans. This bill reflects the sense of responsibility that President Roosevelt tried to put forward when he asked that the Social Security program include health care. It reflects the vision of Harry Truman, the first President to put forward a plan for national health care reform. It reflects the pragmatic approach that President Nixon took in 1972 when he asked all American employers to take responsibility for providing health care for their employers. It embodies the ideas, the commitment of generations of congressional leaders who fought to build a health care system that honors our Nation's responsibilities and who have tried to learn, too, how we might use the mechanisms of the marketplace and the competition forces that have helped us in so many other areas to work in the health care arena.

This is a uniquely American solution. It builds on the existing private sector system. It responds to market forces. It attempts to do what I think we should be asking ourselves whether we're doing: It attempts to fix what's wrong and keep what's right. And that ought to be our guiding star, all of us, as we enter this debate.

I think by guaranteeing comprehensive benefits and high quality and allowing most people to get their coverage the way they do now, leaving important personal decisions about health care where they belong, between patients and doctors, we have done what we can to keep what is right. I think by asking people who don't pay now to be responsible, by simplifying the system, by cracking down on fraud, by making sure we minimize regulation, we are taking a long step toward doing what is necessary to fix what is wrong, to improve quality and hold down costs.

All of the alternatives that will be debated, I ask only what I have already said: Let us measure ourselves against the present system and the cost of doing nothing. Let us honestly compare our ideas with one another and ask who wins, who loses, and how much does it cost. And let us see whether we are meeting the guiding principles which ought to drive this process.

But when it is over, we must have achieved comprehensive health care security for all Americans, or the endeavor will not have been worth the effort. That is what we owe the American people. And let me say again, the most expensive thing we can do is nothing. The present system we have is the most complex, the most bureaucratic, the most mind-boggling system imposed on any people on the face of the Earth. The present system we have has the highest rate of inflation with the lowest rate of return. The present system we have is hemorrhaging, losing 100,000 people a month permanently from the health insurance system; 2 million people every month newly become uninsured, the rest of them get it back. They are never secure. The present system we have has an indefinable impact on workers in the workplace, wondering what will happen if they lose their health insurance. What does that do to their productivity, to their self-confidence, to their family life? The present system we have is eating up the wage increases that would otherwise flow to millions of American workers every year because money has to go to pay more for the same health care. The present system we have, I would remind you, my fellow Democrats and Republicans, is largely responsible for the impasse we had over the last budget and the fights we had.

Look what we did. We diminished defense as much as we should, and some of us are worried about whether we did a little more than we should. We froze domestic spending, discretionary spending, for 5 years, when all of us know we should be spending more in certain investment areas to help us convert from a defense to a domestic economy and put people back to work in our cities and our distressed urban areas. We froze it. We raised a good bit of taxes. And even though over 99 percent of the money came from people at the highest income group, nobody in this Congress wanted to raise as much money as we did. Why? Because we passed a budget after doing all of that in which Medicaid is going up at 16 percent a year next year, declining to an increase of 11 percent a year in the 5th year; Medicare is going up at 11 percent a year next year, declining to 9 percent a year in the 5th year of our budget.

That's why we did that. We could have had a bipartisan solution, lickety-split, giving the American people a plan that would have reduced the deficit and increased investment in putting the American people back to work if we were not choking on a health care system that is not working.

Now, I don't know about you, but I don't ever want us to go through that again. That is not good for the Congress; it is not good for the country; it is not good for the public interest. And the most important thing is we can't give the American people what they need. They want to be rewarded for their work. They want to know if they're asked to go back to school, if they're asked to embrace the challenges of expanded trade, if they're asked to compete and win in a global marketplace, that if they do what they're supposed to do, they'll be rewarded. They want to know that they can be good parents and good workers. They want to know if they get sick but they're still healthy enough to work, they won't have to quit because of the insurance system. They want to know if they're disabled physically of if they have had a bout with mental illness or they've dealt with any other thing that can be managed, that they can still be productive citizens. And the bizarre thing is that we could do all this and still have a system that is more efficient and wastes less than the one we've got.

So I ask you, let's start with this bill and start with this plan and give the American people what they deserve: comprehensive, universal coverage. That's what we got hired to do, to solve the problems of the people and to take this country into the 21st century.

Thank you very much.

REMARKS TO THE WHITE HOUSE CONFERENCE ON AGING—MAY 3, 1995

I believe it is wrong simply to slash Medicare and Medicaid to pay for tax cuts for people who are well-off. Beyond that, reducing the deficit is terribly important. But it is also important that Congress protect programs for seniors like Medicare. We must have a sense of what our obligations are. Some proposals would increase the out-of-pocket costs on Medicare by up to $3,500 for our seniors.

I also think it's wrong to cut Medicaid over $150 billion in ways that threaten long-term care for seniors. Let me just say in parentheses here, I hope that if nothing else comes out of this Conference, the American people will come to understand that Medicaid is not simply a program for poor people. Yes, it provides health coverage to people on welfare and their children. But two-thirds of the Medicaid budget goes to care for the seniors and the disabled in this country, two thirds of the Medicaid budget. To give you a stark example, if Medicaid were not there, middle class people all across this country struggling to raise and educate their children would face nursing home bills for their parents that would average $38,000 a year. Medicaid is primarily a program for the elderly and the disabled.

It is wrong in my judgment to reduce coverage under the Medicare program, or to undermine health services in rural and urban areas that are already underserved, or to make changes that just simply coerce beneficiaries into managed care. We can't save Medicare and Medicaid by using savings to fund tax cuts for people who are already well-off or other purposes. That is the wrong way to approach this problem. But we must approach the problem. The right way is to start from the perspective of the people the system is intended to serve, to ask, what does it take to preserve and strengthen it, and what is fair to expect of everyone to do that, to preserve and strengthen it.

For 3 years I have said that the right way is to strengthen Medicare and Medicaid by containing costs as part of a sensible overall health care reform proposal that works for everyone.

If you want to hold down costs, expand coverage, and reduce the deficit, you must reform the health care system. You have to expand long-term care, for example, in terms of the options for seniors, not restrict it. Look at the growth in the population. Look at what's going to happen in the next 30 years. If you don't provide for people to get more long-term care in their homes and in other less expensive

settings, if you don't provide—[applause]—thank you. If you don't provide for alternatives to more expensive hospital care, if you don't provide, in other words, for the problem in the least costly way, given what you know is going to happen to our population, then we will have greater costs, not lower costs.

So let's look at this in the right way. I do want to work with the Congress. But we must do it in the right way. I have said all along that I will evaluate proposals to change Medicare and Medicaid based on the issues of coverage, choice, quality, affordability, and costs.

We ought to have some simple tests. For example, does a proposed change reduce health care coverage by eliminating services or by charging seniors with modest incomes more than they can possibly be expected to pay? Does it deal with this long-term care problem in a way that will lower costs per person in long-term care but recognize that we have to have more options? Does it restrict choice by forcing seniors to give up their doctors and enter into managed care programs whether they're good ones or not? Or does it instead increase choice by giving people incentives and options to enter into managed care programs and other less costly options that might be made more attractive to them? Does it reform Medicare and Medicaid to lower the rate of cost increases without threatening the quality of care? Does it keep health care affordable for seniors, and does it help to control costs for the Government?

Many people say, well, all these things are mutually inconsistent. But that cannot be. We are spending over 14 percent of our income as Americans on health care. No other country is over 10 percent. We know that there are changes that we can make that will improve coverage, broaden services, control costs, and help us with the deficit. But we can only do it if we start from the point of view of what it takes to have a health care system with integrity that can be fairly paid for, in a fair manner.

So, while I will not support proposals to slash these programs, to undermine their integrity, to pay for tax cuts for people who are well-off or to pay for—all by themselves to pay for these kinds of arbitrary targets on the budget, I cannot support the status quo. And neither can you.

We must find a way to make this system work better that deals with the internal issues of the system, your health care issues and those that are coming behind you, and that deals with the genuine problems

the Congress faces with our budgetary situation. That's why I have said repeatedly that when the Republicans present their budget as required by law, we will evaluate where they are in terms of their commitments and what they want to do, where we are, and then we will do our best to work through this. I will not walk away from this issue.

I watched from afar, when I was a Governor and a citizen, for 12 years while people here walked away from problem after problem. And I sustained, as President, an agonizing experience when large numbers of people walked away from problems that I asked them to face for short-term political gain. I will not do that. The status quo is not an option.

But in order for us to have discussions, we have to know where everyone stands. I have presented a budget. I have said for 3 years where I stand. As soon as we see the budget that is legally mandated from the Members of Congress who are in the majority, we will then talk about where we go from there and what we can do, so that I can make sure that your interests and the interests of people coming behind you are protected but that no one pretends that the status quo is an option. We can pursue both those goals and do it the right way.

Now, let me also say there are other right ways to address this problem that we in the executive branch can be doing right now. You know, waste, fraud, and abuse has become a tired phrase in politics. But the truth is there's a lot of it in the health care system, and you know it as well as I do. With all the problems we have today with income for citizens and with the budget for the Government, people who rip this system off jeopardize the health of beneficiaries and the stability of our Government and our economy.

Since the beginning of this administration, Secretary Shalala and Attorney General Reno have worked hard to crack down on fraud and abuse. And I am pleased to announce today that, as part of phase two of the Vice President's outstanding reinventing Government initiative, we are taking an additional strong measure. We are forming a multistate effort to identify, prosecute, and punish those who willingly defraud the Government and who victimize the public.

In five States, with nearly 40 percent of all the Medicare and Medicaid beneficiaries—New York, Florida, Illinois, Texas, and California—we will have an unprecedented partnership of Federal, State, and private agencies. For every dollar we spend, we will save you $6 to $8 dollars

in the Government's health care programs to stabilize what we need to be doing. This is a win-win situation for everybody except the perpetrators of fraud. And it's about time they lost one.

Let me close with this thought. This should be an exciting time for you. You should welcome this challenge. You should know that I will be there, with you and for you, to protect the legitimate interests of the senior citizens of this country and not to see us trade the long-term welfare and health of the American people for anybody's short-term gain. But you should also know that we need you to be there for us. We need for you to say, "These are changes that make sense. These are changes that don't. These are things that will make us all stronger. These are things that will help you guarantee higher incomes and better wages and a better future for our children and our grandchildren. These are things that will bring us together." This country is always strongest when we are together.

REMARKS ON THE 30TH ANNIVERSARY OF THE PASSAGE OF MEDICARE—JULY 25, 1995

Thank you very much, Mr. Vice President, for your introduction and your leadership. Senator Kennedy and Congressman, Dingell, thank you for your incredible inspiration to the country and to me. Mr. Glover, thank you, and thank you for your speech. To Congressman Gephardt and Senator Daschle, I want all of you to know that they lead well and they are doing well for our country. To my friend Arthur Flemming and his family and Mother Johnson and her family and to all of you seniors who are here, I am honored to be here, and I have loved listening to these stories and these speeches and hearing this commitment.

I am honored to stand in the tradition of the Presidents who fought for Medicare. I believe that President Roosevelt and President Truman and President Kennedy and President Johnson were right. And I think those who opposed them were wrong.

If you really think about Medicare and Medicaid, which was also passed at the same time, they've given all of us stories. I loved hearing the Vice President talk about his wonderful mother.

All of you know that since I've been President I have lost my mother and my fine stepfather, but what you may not know is that my stepfather had a heart attack 10 years before he died, in the middle of one of my inaugural speeches for Governor. And when he woke up from his surgery, his quadruple bypass, I told him it was not that good a speech. [Laughter] But because he was a senior citizen covered by health care, he had 10 more good years. And my mother had a very difficult fight with cancer, which she lost. But because she was a senior citizen covered by good health care, she lived to see her son become President of the United States.

I ran for President because I wanted to broaden that sense of security and opportunity for our people. I wanted middle class Americans to have family wage jobs and be able to educate their children and have the same health security we had given to senior citizens, as Congressman Dingell said.

And the same crowd that killed Harry Truman's plan for health care, the same crowd that fought against Medicare, were successful in derailing what we tried to do last year. But they did it in a brilliant way, because by last year Medicare had become so much of our

common ground as Americans, so much a part of the fabric of our daily lives, that no one anymore thought about these Members of Congress having anything to do with it. It was just a part of our daily lives, just like getting up in the morning and seeing the Sunshine. And so these people, the same crowd that fought it tooth and nail 30 years ago, came up with this brilliant argument that because I said, when they denied it, that Medicare Trust Fund was in trouble and we had to reform health care, that I wanted to see the Government mess with their Medicare.

And we had people all over America coming up to me or the First Lady or to Senator Kennedy, saying, "Don't let the Government mess with my Medicare." People had actually forgotten where it came from, as if it sort of dropped out of the sky. Well, I got the message of the 1994 election, and I'm not going to let the Government mess with your Medicare.

I really thought Medicare had passed beyond the partisan and political divide into the generational life of our country. The people who passed it did it for their parents' generation and knew that they would have it when they came along and knew that, in so doing, they would relieve a burden from their children, who could then focus on building good lives for themselves and their children. It was sort of a part of the social compact of the American family.

Now the Vice President's father, who's been mentioned several times and is a particular favorite of mine, said that the absence of health care for the elderly was, I quote, "a disgrace in a country such as ours." We got rid of the disgrace, and along with Social Security, as Secretary Shalala has said, we at least have finished that part of our country's work.

We still have a lot of work to do. But the answer to the problems of the great American middle class, the answer to the problem of curing the American deficit, the answer to the problem of dealing with the challenge of educating a new generation of Americans for a new, highly competitive economy—surely the answer to those problems is not break down the one thing we have done right completely, which is to keep faith with our elderly people.

I want to talk just a little bit about what this could mean to you. As I said, in 1965, the legislation, which created Medicare, also created Medicaid. A lot of Americans think it's just a program for poor people. Well, it did provide desperately needed care for poor children and their

mothers, but it also provided more care for older and disabled Americans, especially long-term care. Two-thirds of the Medicaid budget goes for older Americans and disabled citizens. Without Medicaid, middle class families struggling to pay their own bills and raise and educate their children could face nursing home bills for their parents averaging $38,000 a year. I remember what those nursing homes looked like before Medicaid. Some of you do, too.

We need to celebrate and recommit ourselves to this. And we need to ask ourselves, what is the future? We are at an historic moment. For the first time in a long time there is a willingness to try to bring the budget into balance, a willingness to try to secure the Medicare Trust Fund. But I know we can do both while maintaining our generational commitment. I know we can do both without returning Medicare to the area of American partisan politics and to nightmares for the elderly people and their children in this country. We can do it.

As Mr. Gephardt said, the congressional majority appears to be choosing for the first time ever to use the benefits we provide under Medicare, paid for by a dedicated payroll tax, as a piggybank to fund huge tax cuts for people who don't really need them. But we showed that you could have a balanced budget plan, with no new Medicare costs for older Americans that stabilized the Medicare Trust Fund. We know that. They instead would cut $270 billion from Medicare and raise Medicare premiums and out-of-pocket costs an average of $5,600 per couple over 7 years, even for people who don't have enough money to get by as it is. They want to use this to pay for a $245 billion tax cut.

If they would just reduce the size of the tax cut, target the middle class families and their basic needs, string out the time which we take to balance the budget, we would not need one penny, not a red cent of the Medicare beneficiary cuts they've proposed. Don't you let anyone tell you that we have to do that to stabilize the trust fund or to balance the budget. We do have to stabilize the trust fund. We should balance the budget. But we don't have to raise the roof on the beneficiaries to do it. We do not have to break our generational commitment to do it. Do not let anybody tell you that. It is simply not true.

This plan kind of sounds good in the rabid anti-governmental atmosphere in which we live today —their plan does. The majority's plan in Congress would provide older Americans with a voucher for a set amount each year. They almost make it sound like you can make a profit out of it. It supposedly would cover enough to buy medical

insurance. The problem is that private health care costs are projected to increase 40 percent more than the value of the voucher. So if you're over 65 and you're healthy as a horse, this might be a good deal for you. But what if you get sicker as you get older? If the vouchers are inadequate, the elderly must make up the difference out of their own pockets.

There's no clear provision that would give a larger voucher for a patient like my mother, who developed cancer, as opposed to one the same age who was healthy, not even a clear provision to give a larger one to seniors who are fortunate enough to live into their eighties. That's the fastest growing group of elderly people in America, in percentage terms, people in their eighties. But to be healthy in your eighties you just naturally use the health care system more. There's no clear provision to take care of that, no clear provision to stop companies from simply turning seniors down because of their medical condition or cutting them off when they get sick.

In the past, various experts have suggested that Medicare budget cuts will inflict harm and financial suffering on the elderly, but as the grisly details of the plan become known, it becomes clearer and clearer that we could actually see a denial of medical care to those who need it. That was the very thing Medicare was designed to do away with.

You know, my mother was a nurse-anesthetist. I can remember what it was like before there was any Medicare or Medicaid. I remember people that would actually come to our house with a bushel basket full of peaches, for example, trying to pay in kind for the medical service my mother had rendered. And I remember that the old folks weren't healthy enough to go pick peaches. I remember these things, and we should not forget. We can change without wrecking, and we need to be awfully careful before we buy a pig in a poke.

It is easy to see how, in all but the direst of emergencies, millions of older Americans would actually just give up the medical attention to which they are entitled and which they need. Let me just give you some examples of what could happen. These are real examples of what could happen.

Suppose a 75-year-old woman has exhausted her savings and is too sick to work, but her voucher isn't enough to permit her to afford any health insurance plan anymore. She'd have to reach into her own pocket, but she doesn't have any money there. She can't get to the hospital unless it's a dire emergency because she's got to pay a $750

deductible for that. So she can't get to the doctor's office because she can't pay the extra premiums there. So the woman is stuck, and no cure.

Or suppose you have a 75-year-old man who gets a voucher that just about covers the cost of his health insurance, and in 3 years his voucher only goes up 5 percent a year, but the health insurance premium goes up 10 percent a year. So after 3 years, the gap is so wide he can't afford to pay. He doesn't have the money. He dropped his Medigap coverage because he was persuaded this voucher system would work. So he's stuck, no cure.

A 70-year-old man with open-heart surgery recovered enough to go home and be treated by a visiting nurse, but under the plan of the congressional majority, he must now pay $1,400 in co-payments for that visiting nurse. He can't afford that, so he stays in the hospital at 3 or 4 times the cost to the taxpayers. But after a while, Medicare stops paying for that, too. So he's stuck.

Now, these are things that can happen. Those who want to keep what they have now will have to pay significantly more. Every person on Medicare will pay $1,650 more over 7 years. The average person who receives care in home—something we need more of, not less—will pay $1,700 more in the year 2002 alone for the same health care. Remember, these are people who already pay over 20 percent of their income for health care.

So I ask you, can the elderly really afford $1,650 more for premiums to cover their doctor bills? Can the elderly really afford $1,700 more for the same home health care in one year alone? Will vouchers cover them against sudden premium increases if they get sick? That's what health insurance is supposed to do, you know, cover you when you get sick, not when you're healthy. Will the medical costs stay sufficiently under control to permit these vouchers to cover the full cost of care? No expert thinks so.

Is it fair to make older Americans give up their doctors and be forced into managed care, instead of giving the option to them to go into a managed care network? Is it really necessary, to balance the budget and to stabilize the Medicare Trust Fund, to do what the congressional majority proposes? The answer to every single one of these questions is no. No.

Those who want to gamble with Medicare are asking Americans to bet their lives. And why should they bet their lives? Not to balance the budget, not to strengthen the Medicare Trust Fund, but simply to pay for a big tax cut for people who don't need it. It's a bad deal. We ought not to do it. It will break up America's common ground. And you can help to stop it.

If the Congress and the majority really wants to balance the budget and reform the Medicare Trust Fund, let me ask them to join with me in a real commitment to health care reform that can be achievable, even by their standards. Senator Kennedy has already introduced a bill with Senator Kassebaum that goes part of the way. Let us require insurance plans to cover those with preexisting conditions. Let us make a commitment to preventive and long-term care. Let us encourage home care as an alternative to nursing homes and give folks a little help to have their parents there. Let us let workers take their insurance coverage with them when they change jobs and crack down on fraud and abuse and give people the option to choose a managed care option if they want it; don't force people to take something they don't want.

If we really want to work together, there ought to be four basic principles that everybody, without regard to party, signs off on. We have to make sure that good, affordable health care is available to all older Americans. That's what we do now; let's don't stop it. We must not cut Medicare to pay for a bigger tax cut than can be justified that goes to people who don't really need it a lot of whom don't even want it. We ought not to do that. We must be committed to reducing medical cost inflation and stabilizing the Medicare Trust Fund through genuine reforms, not by destroying Medicare and hurting the people who are on it. We must not balance the budget by cutting Medicare to older Americans. We do not have to do any of these things.

This is a time of great and exciting change, I know that. But you know, the conservatives are supposed to be in charge around here, and conservatism means—if nothing else—if it ain't broke, don't fix it. And do no harm. That's the first principle.

My fellow Americans, this is a big fight, but it's not just for the seniors in this audience and in this country. It's for all their children. Most senior citizens have children that are working harder for the same or lower pay they were making 5 or 10 years ago. They have their own insecurities and their own problems. They need their jobs and their incomes and their children's education and their own health care

stabilized. We don't need to do something that makes their lives worse, either. And it's for all their children, the people on Medicare's grandchildren. They deserve a chance to have a good education, to be sent to college. Their parents should not wake up in the middle of the night torn between their own parent's health care and their children's education.

This is not just a senior citizens issue. We need to increase opportunity and security for all Americans. And the worst thing we could do is to tear down Medicare. That would increase insecurity, not just for the elderly but for all Americans. It would cloud the future of this country.

We have come a very long way by pulling together. Do not let this budget debate tear this country apart. Do not turn back on Medicare. Stand up and say, if you want to do something to balance the budget and stabilize the Medicare Trust Fund in a way that helps the elderly people of this country, we will stand with you. But if you want the Government to mess with my Medicare, the answer is, no.

Thank you, and God bless you.

ADDRESS BEFORE THE A JOINT SESSION OF CONGRESS ON THE STATE OF THE UNION—JANUARY 23, 1996

And even as we enact savings in these programs, we must have a common commitment to preserve the basic protections of Medicare and Medicaid, not just to the poor but to people in working families, including children, people with disabilities, people with AIDS, senior citizens in nursing homes. In the past 3 years, we've saved $15 billion just by fighting health care fraud and abuse. We have all agreed to save much more. We have all agreed to stabilize the Medicare Trust Fund. But we must not abandon our fundamental obligations to the people who need Medicare and Medicaid. America cannot become stronger if they become weaker.

The "GI bill" for workers, tax relief for education and childrearing, pension availability and protection, access to health care, preservation of Medicare and Medicaid, these things, along with the Family and Medical Leave Act passed in 1993, these things will help responsible, hard-working American families to make the most of their own lives.

But employers and employees must do their part as well, as they are doing in so many of our finest companies, working together, putting the long-term prosperity ahead of the short-term gain. As workers increase their hours and their productivity, employers should make sure they get the skills they need and share the benefits of the good years as well as the burdens of the bad ones. When companies and workers work as a team they do better, and so does America.

REMARKS ANNOUNCING PROPOSED LEGISLATION ON MEDICARE—JANUARY 6, 1998

Thank you, Ruth. I think she has made clearer than I could ever hope to that, for many Americans, access to quality health care can mean the difference between a secure, healthy, and productive life, and the enormous burden of illness and worry and enormous financial strain.

Today the proposals I am making are designed to address the problems of some of our most vulnerable older Americans. I propose three new health care options that would give them the security they deserve. The centerpiece of our plan will let many more of these Americans buy into one of our Nation's greatest achievements, Medicare.

When Medicare was first enacted, President Johnson said, and I quote, "It proved that the vitality of our democracy can shape the oldest of our values to the needs and obligations of changing times." Once again we are faced with changing times: a new economy that changes the way we work and the way we live; new technologies and medical breakthroughs holding out hope for longer, healthier lives; a new century brimming with promise but still full of challenge and much more rapid change. The values remain the same, but the new times demand that we find new ways to create opportunity for all Americans.

For the past 5 years, we have had an economic strategy designed to expand opportunity and strengthen our families in changing times, insisting on fiscal responsibility, expanding trade, investing in all our people. Yesterday I announced that the budget I will submit to Congress in 3 weeks will be a balanced budget, the first one in 30 years. Within this balanced budget, we propose to expand health care access for millions of Americans.

Last summer, with the balanced budget agreement I signed, we took action to extend the life of the Medicare Trust Fund until at least 2010, and we appointed a Medicare commission to make sure that Medicare can meet the needs of the baby boom generation. We took action to root out fraud and abuse in the Medicare system, assigning more prosecutors, shutting down fly-by-night home health care providers, taking steps to put an end to overpayments for prescription drugs. Since I took office, we have saved over $20 billion in health care claims, money that would have been wasted, gone instead to provide quality health care for some of our most vulnerable citizens.

We want to continue to do everything possible to ensure that the same system that served our parents can also serve our children. That means bringing Medicare into the 21st century in a fiscally responsible way that recognizes the changing needs of our people in a new era.

We know that for different reasons more and more Americans are retiring or leaving the work force before they become eligible for Medicare at age 65. We know that far too many of these men and women do not have health insurance. Some of them lose their health coverage when their spouse becomes eligible for Medicare and loses his or her health insurance at work. That's the story we heard today.

Some lose their coverage when they lose their jobs because of downsizing or layoffs. Still others lose their insurance when their employers unexpectedly drop their retirement health care plans. These people have spent their lifetimes working hard, supporting their families, contributing to society. And just at the time they most need health care, they are least attractive to health insurers who demand higher premiums or deny coverage outright.

The legislation that I propose today recognizes these new conditions and takes action to expand access to health care to millions of Americans. First, for the first time, people between the ages of 62 and 65 will be able to buy into the Medicare program at a fixed premium rate that, for many, is far more affordable than private insurance but firmly based in the actual cost of insuring people in this age group and, as you just heard from what Ruth said, far more affordable than the out-of-pocket costs that people have to pay if they need it.

This is an entirely new way of adapting a program that has worked in the past to the needs of the future. It is a fiscally responsible plan that finances itself by charging an affordable premium up front and a small payment later to ensure that this places no new burdens on Medicare. It will provide access to health care for thousands of Americans, and it is clearly the right thing to do.

Second, statistics show that older Americans who lose their jobs are much less likely to find new employment. And far too often, when they lose their jobs, they also lose their health insurance. Under this proposal, people between the ages of 55 and 65 who have been laid off or displaced will also be able to buy into Medicare early, protecting them against the debilitating costs of unforeseen illness.

Third, we know that in recent years too many employers have walked away from their commitments to provide retirement health benefits to longtime, loyal employees. Under our proposal, these employees, also between the ages of 55 and 65, will be allowed to buy into their former employers' health plans until they qualify for Medicare. And thank you, Congressman, for your long fight on this issue.

Taken together, these steps will help to take our health care system into the 21st century, providing more American families with the health care they need to thrive, maintaining the fiscal responsibility that is giving more Americans the chance to live out their dreams, shaping our most enduring values to meet the needs of changing times. It is the right thing to do. And thank you, Ruth, for demonstrating that to us today.

Thank you very much.

REMARKS ON PROPOSED LEGISLATION TO EXPAND MEDICARE—MARCH 17, 1998

Thank you very much. Thank you. Senator Kennedy is even more exuberant than normal today, but you have to forgive him and me and Senator Moynihan and isolated others—this is St. Patrick's Day, and we're feeling pretty good, the Irish are. [Laughter]

Thank you, Congressman Stark, for your long leadership and your willingness to push this legislation. Thank you, Senator Moynihan, for making it utterly clear, so that no one can dispute it, that this legislation presents no threat to the integrity of the Medicare program or the security of the Trust Fund. Thank you, Sherrod Brown, for your initiative and your leadership. As always, thank you, Senator Kennedy.

And I'd like to say a word of thanks to one person who has not spoken here today, our Senate Democratic leader, Tom Daschle, who has worked so hard to help one particular group of Americans here: Americans who retired early, in part because they were promised health care benefits which were then denied to them. This will take care of them, and we can keep the promise that others made to them. And I think we have to do it. And thank you, Tom Daschle, for fighting for them.

I'd also like to thank Leader Gephardt and Congressman Dingell and all the Members of the House caucus who are here; thank you very, very much. And I can't help noting that this may be the first public appearance in Washington for the newest Member of this caucus, Representative Lois Capps from California.

Let me begin with a point I have made over and over to the American people since the State of the Union Address. This is a remarkable time for our country. I look out at all these young people who are working here, and I think how glad I am they are coming of age at a time when America is working, when we are making progress, economically; we're making progress in our social problems; and we're making progress in our quest for peace and security in the world.

But everybody knows that the world is changing very rapidly. And so the question is, what should we be doing in the midst of good times? I believe the last thing we should be doing is sitting on our lead, if I could use a sports analogy. Good times give us the confidence, the resources, and the space not only to dream about the future we want in the 21st century but to take action to deal with it. It is wrong to sit

idly by when we can be taking steps to prepare for that future. That's why I don't want us to spend a surplus that is only now beginning to materialize until we have saved Social Security for the 21st century. That's why I want us to work together to make sure we deal with the long-term challenges of Medicare.

But it's also why I think we should not let a single day go by when Americans have problems that we can remedy in ways that will not weaken our present success but instead will reinforce it. That's why I hope we get a comprehensive bill through to deal with the tobacco problem, because there are a thousand kids a day whose lives are at stake. And that's why I believe we should be dealing with this issue now.

President Johnson said, when Medicare was first enacted, that it proved the vitality of our democracy can shape the oldest of our values to the needs and obligations of changing times. That's what these leaders are doing here today.

You heard Senator Moynihan say most people don't wait till they're 65 to retire. But the fastest growing group of people are people over 65. There are huge numbers of people in this age group. There are people 62 and over who have lost their health insurance, but can't buy into Medicare. There are people under 65 who are married to somebody who's 65 or older who had the health insurance, and that person retired, got into Medicare, but the spouse lost the health insurance. There are people who are 55 and over who have been downsized, or who actually retired, early retirement, because their employer actually promised them they would have health insurance, and then the promise were not kept.

I want to say that this is not an entirely disinterested thing. In 2001, I will be 55 and unemployed, through no fault of my own. [Laughter] And this bill has a lot of appeal to me. [Laughter] I say that to make you laugh. I get a lot of letters from people that I've known a long time who are my age, who are middle class people, people I grew up with, whose spouses are beginning to have the health problems that go along with just working your way through life, people who don't have a great health insurance coverage, like I've been privileged to have. And they are terrified that they will spend the years between 55 and 65 with maybe the most challenging health problems in their entire lives cropping up, with no insurance.

Now, I believe that this is an issue on which Democrats and Republicans should be able to unite. We ask the Republicans to come and help us on this. Let's don't play election year games on this. We don't want to, either. We want to do it in a bipartisan fashion and get it behind us. There are hundreds of thousands of people out there in America who need this initiative.

People say, "Well, why don't you wait until the Medicare Commission comes in and issues its report?" My answer is Senator Moynihan's answer: Because we have the Congressional Budget Office estimates. They told us that this will add nothing to the burden of the Medicare Trust Fund; it will cost less than we had originally thought, and we can insure more people.

But remember the human dimension. Remember Ruth Kain, who spoke when we announced this program in January. When her husband turned 65, her employer dropped their insurance benefits. He got Medicare; she didn't. But she had a heart condition, and they couldn't afford health insurance. So, she didn't get health insurance. She went to the hospital one time, and the bill was $13,000. Some people have said of our proposal, "Well, this bill costs a lot of money for retired people"—$300 a month or something. One trip to the hospital for anything will more than likely be more than twice as much in one pop as a whole year's annual premiums—the most minor trip to the hospital. The Kains and families like them, the families that Congressman Brown mentioned, they ought to have another choice.

Today I am releasing a report that shows State by State how many Americans need these protections—State by State. And we will see, State by State, the human lives we're talking about and the number of people that will be put at risk if we wait another year to do this.

Tomorrow the Kaiser Foundation will unveil a study that shows that the individual insurance market often denies coverage or charges excessive premiums to older, sicker Americans, the very people this policy would help to protect. Senator Moynihan said—I want to reiterate, because I have heard Senator Kennedy mention the criticism of this program; I want to say this a second time—the Congressional Budget Office—not the administration's budget office, the Congressional Budget Office—reports this plan will cost individuals even less and benefit even more people than we first estimated. It will give somewhere between three and four hundred thousand Americans new options for health care coverage at a vulnerable time in their lives.

Let me say one other thing. The bipartisan Kennedy—Kassebaum legislation we adopted last year —or in 1996—was also designed to help Americans keep their health care when they changed jobs or when someone in their family got sick—a bill like this one, designed to give people peace of mind. But we now see on news reports today—another good reason why it's better for us to do this in this way—because just today we see that some insurers are finding ways around that law, giving insurance agents incentives to delay or deny coverage to vulnerable Americans. These practices have to be stopped. I am directing Secretary Shalala and the Department of Health and Human Services to conduct a thorough review of the options for strengthening the protection of the Kennedy—Kassebaum law.

And tomorrow the Department will send a notice to every insurer in every State in our country affirming what we already know, that impeding anyone's access to health care in violation of this law is illegal. It's not just wrong; it's illegal. The law is vital to the health and stability of America's workers and their families. We intend to enforce it vigorously.

But let me say, you see the problems we have with that kind of approach. With this kind of approach, anybody who can afford the premium of whose children or relatives will help them to afford this premium won't have to worry about whether they have health care coverage. We won't have to worry about some regulation or waiting for a report to come in to tell us whether this or that or the other person is complying. We will know that we're helping hundreds of thousands of people who have worked hard all their lives and played by the rules and been good citizens to have the decent, secure time in a vulnerable period of their lives. We can extend this opportunity in a responsible way.

Medicare is one of the crowning achievements of this century for the American people. With this legislation and with the other challenges that we intend to face and overcome, we can make sure, as we become an older and older and older country—which is, I always say, a high-class problem—that Medicare will be one of the crowning achievements of the 21st century as well.

Thank you very much.

STATEMENT ON MEDICARE AND THE PATIENTS' BILL OF RIGHTS—JUNE 23, 1998

I am pleased to add my voice in support of today's efforts by Representatives Ganske and Dingell to file a discharge petition enabling an up-or-down vote in the House of Representatives for a Patients' Bill of Rights. Since November of last year, I have been calling on Congress to pass such legislation.

It is now 7 months later, and Congress has been unable to pass legislation, let alone hold even one committee markup on a bill. With so many Americans' health at stake, I welcome the action taken today by Representatives Ganske and Dingell, and I believe it will help ensure an open debate on this issue that will allow for all parties, including Representative Norwood, to bring patients' rights legislation to the floor for vote.

Passing patients' rights legislation would build on the actions I have already taken to extend patient protections to Americans in Federal health plans. This Friday, we will publish a Health Care Financing Administration (HCFA) regulation to implement new rules for all Medicare managed-care plans. The HCFA regulation will implement the new Medicare plan choices I signed into law last year as a part of the bipartisan balanced budget agreement. It will also include many of the patient protections I directed Medicare to implement last February, when I signed an Executive memorandum ordering all Federal health plans—which serve 85 million Americans—to come into compliance with the Patients' Bill of Rights. These regulations ensure that Medicare beneficiaries in managed-care plans have a range of important patient protections, including access to the specialists they need, access to ob-gyns, access to emergency room services, and an independent appeals process to address grievances with their health plans.

Now we need the Congress to pass a Patients' Bill of Rights that guarantees all Americans these important patient protections. It is my hope and expectation that the bipartisan action being taken today in Congress will spur the House and the Senate to pass a strong, enforceable, and long-overdue bill.

REMARKS ON THE DECISION OF CERTAIN HEALTH MAINTENANCE ORGANIZATIONS TO OPT OUT OF SOME MEDICARE MARKETS—OCTOBER 8, 1998

Thank you. I would like to begin by thanking Senator Rockefeller and Congressman Dingell for their steadfast support of Medicare and their participation in our Medicare Commission. Let me say just in advance, I would think that the very issue we discuss today offers further evidence that it is time to take a look at the challenges and the responsibilities of the Medicare program, long-term, and I'm glad we have Jay Rockefeller and John Dingell on that commission.

I'd like to thank Senator Kennedy and Senator Lieberman and Congressman Stark and Congressman Cardin also for being here today. I'd like to thank Secretary Shalala for her marvelous service, and Nancy-Ann Min DeParle who is here with her. I'd like to thank all the members of the seniors groups who are representing their constituents, standing to my right here. I thank them for joining us today.

HMO's AND MEDICARE

Now, let me echo, first of all, the sentiments which have already been expressed here. Since John Dingell was in the chair when Medicare was passed, it has been more than a program; it has been a symbol of our intergenerational unity as a country, fulfilling our responsibilities to our grandparents and parents, protecting our families. Strengthening Medicare has been one of this administration's top priorities. Last year we took historic bipartisan action to improve benefits and extend the life of the Trust Fund for a decade. We expanded the number and types of health plans available to Medicare beneficiaries so that older Americans, like other Americans, would have more choices in their Medicare.

I think it ought to be said in defense of this decision and the enrollment of many seniors in managed care plans that one of the principal reasons that so many seniors wanted it is that there were managed care plans who thought, for the reimbursement then available, they could provide not only the required services under Medicare but also a prescription drug benefit, something that these Members and I tried to get done for all the seniors of the country at an earlier point in time.

Well, today there are 6 ½ million Medicare beneficiaries in HMO's. As we all know, in recent weeks the HMO industry announced that unless all Medicare HMO's could raise premiums and reduce benefits—all—some health plans would drop their Medicare patients by the end of the year.

We told them, no deal. That's what we should have done. We were not going to allow Medicare to be held hostage to unreasonable demands. So several HMO's decided to drop their patients. These decisions have brought uncertainty, fear, and disruption into the lives of tens of thousands of older Americans across the country. While the overwhelming majority of seniors affected will be able to join another HMO covering Medicare in their area, 50,000 of them will be left without a single managed care alternative.

Now, these HMO's say they are looking after the bottom line. All of you who understand the Medicare program know that the reimbursement rates are different across regions and in different areas. We have tried very hard to alleviate that, the problems with that system. And we recognize that there were problems. We have worked to alleviate them. But that wasn't what we were asked to do. We were asked just to give all HMO's permission to raise rates whether they needed to or not, without regard to how much money they were making or not. And I think that was wrong.

We have to do everything we can to protect Americans who have been dropped by their HMO's and to protect the health care options of all seniors in the future. So today we're taking three steps.

First, we'll do everything we can to encourage HMO's to enter the markets abandoned by managed care. Beginning immediately, the Health Care Financing Administration will give first priority in its review and approval process—first priority—to all new HMO's applying to serve seniors in deserted areas.

Second, I am asking Secretary Shalala to work with Congress, aging advocates, and health plans to develop new strategies to prevent another disruption in coverage like the one we are seeing now. I'm asking the Secretary to consider all possible legislative options that can be included in the next budget I send to Congress.

Finally, I am launching a comprehensive public information campaign to make sure all affected seniors understand the health coverage plans that are already available to them. We'll bring together a broad public

and private coalition, from the AARP to the Older Women's League to the Social Security Administration to local offices on aging, to educate seniors about all their rights and options. We must say to them, losing HMO coverage does not mean losing Medicare coverage. You are still protected by Medicare. You are still eligible for the traditional fee-for-service program and for Medigap policies.

Let me just say one other thing. In the last few days before it adjourns, let me ask Congress again to put aside partisanship and embrace our common responsibilities by reauthorizing the Older Americans Act. For years, this law has improved the lives of millions of our senior citizens, providing everything from Meals on Wheels to counseling to legal services. Every day that goes by without passing the bipartisan legislation to reauthorize the act sends a troubling message to seniors that their needs are not a priority.

More than 30 years ago, Congress was able to put progress before partisanship when it created Medicare in the first place. As a result, millions of older Americans have been able to live healthier, happier, more stable lives. It is one of the signal achievements of this century.

So let me say again, we have to do that again—to work to strengthen Medicare, to reauthorize the Older Americans Act, to treat each other in the work of America as we want people out in America to treat each other and to work. The Members who are here have certainly done that. And for that, I am grateful.

Secretary Shalala and I hope very much that these steps we are taking today and the work we will do with these senior advocates will provide some peace of mind, some support, and some help to the seniors who have been so shaken by the events of the last few days here.

Thank you very much. Thank you.

I want to say one other thing. Senator Dodd came in late, but has actually offered legislation in this area, so I want to give him credit for that. Connecticut is the only State here with 100 percent representation. [Laughter] Thank you very much.

REMARKS ON EFFORTS TO COMBAT MEDICARE FRAUD—DECEMBER 7, 1998

Thank you. I would like to welcome you all here today and thank Margaret Dixon for those fine remarks. I thank Deborah Briceland-Betts for representing the Older Women's League so well, and Nancy-Ann Min DeParle for the great job she does as our HCFA Administrator. I welcome our friend George Kourpias and representatives from the National Council of Senior Citizens.

And I want to say a special word of appreciation to Senator Tom Harkin, who has been on top of this issue for a very, very long time, and has long needed more support from administrations. And we certainly tried to give him ours, but he has been a real trailblazer, and we thank him.

I'd like to also thank, as others have, the HHS and especially June Gibbs Brown, the Inspector General, and Mike Mangano, the Deputy Inspector General, who is here today.

I'd also like to say one other word about Senator Gore, Sr., who was mentioned by Nancy-Ann. Al Gore, Sr., was a leader in the development and the passage of the original Medicare bill over 30 years ago. And that is one of the many, many things we remember him for at this time of his passing.

For more than 30 years now, Medicare has been more than a Government program. It has been a way that we could honor our obligations to our parents and our grandparents, an expression of the old profound American belief that the bonds of mutual love and support among the generations must remain strong. Any threat, therefore, to the integrity of Medicare is a threat to these bonds. And that is one of the main reasons that our administration has worked so hard to strengthen Medicare.

The balanced budget bill I signed last year extended the life of the Medicare Trust Fund for a decade. We also established a commission currently working to help Medicare meet the needs of the baby boom generation and the rising costs that inevitably come as we all live longer and longer and require more health care.

It is a troubling financial problem, but as a social matter it is a happy challenge. It is what I would call a high-class problem that we are all living longer and longer. But it does present us with certain real

challenges, which we have to face. And I look forward to getting the report from Senator Breaux and the Medicare Commission and to working on a bipartisan basis with the next Congress to resolve this important matter.

Today I'm announcing additional steps to strengthen Medicare for fighting the threat of Medicare fraud. Every year, Medicare is cheated out of billions of dollars, money that translates into higher taxes on working Americans, higher co-payments in premiums for elderly Medicare recipients. This has become, as I said, especially significant as we grow older and more and more of us become eligible for Medicare.

I'm proud of what we have already done to fight fraud and abuse and waste. Since 1993 we've assigned more Federal prosecutors and FBI agents to fight health care fraud. We've increased prosecutions by over 60 percent, convictions by 240 percent, saved $20 billion in health care claims. Money that would have lined the pockets of scam artists now is helping to preserve the Medicare Trust Fund and to provide high-quality, affordable health care.

But there is still more we can do. The private sector health care contractors that are responsible for fighting waste, fraud, and abuse too often are not living up to their responsibilities. We recently learned that one-fourth of those contractors have never reported a single case of fraud, even though the Inspector General is quite certain that fraud is pervasive in this area.

Therefore, we are using new authority we fought for to create new weapons in the fight against fraud. Beginning this spring we will empower new specialized contractors, Medicare fraud hunters, who will focus on waste, fraud, and abuse. These new fraud hunters, by tracking down scams and waste, can bring real savings to Medicare and strengthen the system for the 21st century.

I'm also requiring all Medicare contractors to notify the Government immediately when they learn of any evidence of fraud, so that we can detect patterns of fraud quickly and take swift action to stop them. And I'm asking HCFA to report back to me early next year with a comprehensive plan to fight waste, fraud, and abuse further in the Medicare program.

In the fight against Medicare fraud, Congress must also do its part. And I am encouraged by the bipartisan oversight hearings being held

in Chicago this week by Senators Collins and Durbin. When it returns next year, I'll ask Congress to pass legislation that can save Medicare another $2 billion over the next 5 years. First, legislation that will allow us to empower our new fraud hunters to spot overpayments and keep crooked medical service providers from getting into the Medicare system to start with.

Second, the legislation will allow Medicare to pay much lower rates for prescription medications. Under current law, Medicare loses hundreds of millions of dollars each year by paying as much as 10 times more than the private sector does for certain drugs. It's just wrong.

Third, the legislation will force private insurers to pay claims that they are legally responsible for, so that Medicare does not get stuck with the bill. This happens more often than you would think.

Fourth, the legislation will allow us to crack down on medical providers, particularly those claiming to deliver mental health care, who bill for services they never, in fact, provide, a large and unfortunately, growing problem, according to our recent reports.

By passing these commonsense measures to fight Medicare fraud and abuse, Congress can do more than help save taxpayers' money. It can demonstrate a bipartisan desire to preserve and strengthen Medicare for the future. If we take these actions now, we can help to assure that the system that has served our parents and grandparents so well will be there to serve our children and grandchildren well into the 21st century.

Thanks to the advocates who are here—Senator Harkin and others—I'm confident that is exactly what we will do next year.

Thank you very much, and happy holidays.

REMARKS ON RECEIVING THE REPORT OF THE SOCIAL SECURITY AND MEDICARE TRUSTEES AND AN EXCHANGE WITH REPORTERS—MARCH 30, 1999

Thank you very much. Please be seated. I welcome all of our guests here, as well as members of the administration. And I thank those who have joined me here on the platform for this important announcement.

Twice in the last 6 years we have strengthened our Nation's future in the 21st century by addressing serious, great fiscal challenges to America. In 1993 we met the threat of mounting deficits and a stagnant economy with an economic plan of fiscal discipline, expanded trade, and investment in our people. Thanks to that action, the red ink of the Federal budget has turned to black, and we are enjoying the longest peacetime expansion in our Nation's history. In 1997 we reaffirmed our commitment to fiscal discipline with the bipartisan balanced budget agreement. It took important steps to improve Medicare, savings tens of billions of dollars in costs while expanding benefits for recipients and choices.

Today we have new evidence that those determined actions were the right ones. I have just been briefed by our four Social Security and Medicare trustees for the administration—Secretaries Rubin, Shalala, Herman, Social Security Commissioner Apfel—who re here with me today. The trustees have issued their annual report on the future financial health of these vital programs. The trustees' report shows that the strength of our economy has led to modest but real improvements in the outlook for Social Security. They project that economic growth today will extend the solvency of the Social Security Trust Fund to 2034, 2 years longer than was projected in last year's report.

After that date, however, the Trust Fund will be exhausted, and Social Security will not be able to pay the full benefits older Americans have been promised. Therefore, still I say we must move forward with my plan to set aside 62 percent of the surplus for Social Security, investing a small portion in the private sector for better return, just as any private or State government pension would do.

As I said in my State of the Union Address, we then must go further with difficult but achievable reforms that put Social Security on a sound footing for 75 years, that lift the earnings limitations on what seniors can earn, and that do something about the incredible problem of poverty among elderly women living alone.

The trustees have also told us today the future for Medicare has improved even more. The trustees project that the life of the Medicare Trust Fund has been extended until 2015. That's 7 years longer than was projected in last year's report. These improvements are only partially due to the stronger economy. According to the trustees, they are also the result of the difficult but necessary decisions made in 1997 and to our successful efforts to fight waste, fraud, and abuse in the Medicare program.

Now, this trustee report is very good news. We should be pleased. Americans can be proud. But we should not be lulled into thinking that nothing more needs to be done, because the improvements we see today, themselves, did not happen by accident but instead came as a result of determined action to make sure that the problems were not allowed to get out of hand.

When I became President 6 years ago, Medicare was actually projected to go bankrupt this year. We worked hard in 1993 and 1997 to make sure that didn't happen. Some of the actions we took at the time were not particularly popular, but we knew they had to be done. They helped to strengthen Medicare, and they laid the foundations from the difficult challenges we still must face.

Social Security and Medicare face long-term challenges, as all of you know, with the baby boom aging, with medical science extending the lives of millions, with the number of elderly Americans set to double by 2030. Even with today's good news, Social Security will run out of money in 35 years, Medicare in 16 years. We cannot—we will not—allow that to happen.

For three decades, Medicare has protected seniors and the disabled while expressing the values of care and mutual obligation that bind families and the generations of Americans together. Since my State of the Union Address, I have called for devoting 15 percent of our surplus to strengthening Medicare, while modernizing the program with real reforms and helping seniors with prescription drugs.

When the Medicare Commission completed its work 2 weeks ago, I said we must build on their recommendations by adopting the best practices from the private sector while also maintaining high quality services, continuing to provide every citizen with a guaranteed set of benefits, and making prescription drugs more accessible and affordable to Medicare beneficiaries.

Now we must build on the good news we have received today. We must extend the life of Medicare even further, modernize the program even more, and make prescription drugs even more accessible and affordable. Medicare cannot remain static in the face of the sweeping changes in our Nation's health care system, a system today that relies increasingly on prescription drugs.

Today, 13 million seniors each spend more than $1,000 a year, out of pocket, for prescriptions. Let me say that again—13 million seniors today spend more than $1,000 a year, out of pocket, for prescription medication. At the same time, seniors who have no drug coverage do not benefit from the lower prices that insurance firms often can negotiate from pharmaceutical companies. The higher prices these seniors pay are in effect a hidden tax. We must find a way through Medicare to inject more competition into the health care system and to provide a prescription drug benefit.

Now, I know that some might say this good news means that we can simply delay reforms. Nothing could be further from the truth. Strengthening and modernizing Medicare requires tough but achievable changes. And now is the time to make those changes—now when our economy is strong, now when our people have renewed confidence, and now when we have time on our side so that modest changes today can have major impacts in the years ahead.

Nothing in this report lessens the need to devote 15 percent of the surplus to strengthening Medicare. But nothing in this report lessens the need to make tough but achievable reforms either. And nothing in this report lessens the need to help seniors with a prescription drug benefit. If we wait, we will be condemning ourselves to future changes that will be much more costly and wrenching and much less satisfying in the end.

Today, we face a choice that is a test of our wisdom as a self-governing people and a test of our vision of 21st century America. Will we seize this moment of prosperity? Will we devote these surpluses to strengthening Medicare, to strengthening our future? Or will we rush and do the most appealing prospect of the moment, a tax cut that will explode in later years and avoid our generation's responsibility and put the future of Medicare at risk?

The trustees' report is welcome news, but it also contains a clear lesson: Tough, disciplined action is good economics. It's good for Social Security; it's good for Medicare; it's good for America. It's very

good for our children's future and for the future of our families across the generations.

We can extend the life of Social Security and Medicare and have an appropriate, affordable amount of tax relief specially targeted to the neediest working families and middle class families. But we have to apply the lessons we have learned in the last 6 years to the first years of the 21st century. I am determined to see that we do so this year. And the trustees' report should make it easier for us to fulfill our responsibilities.

Thank you very much.

[….]

REMARKS ANNOUNCING A MEDICARE MODERNIZATION PLAN—JUNE 29, 1999

Thank you very much, and good afternoon. I would like to welcome all of you to the White House. I appreciate the presence here of Secretary Shalala, Secretary Rubin, Deputy Secretary Summers, Social Security Commissioner Apfel, OPM Director Janice Lachance. I thank all the people on the White House staff who are here who worked so hard on this proposal, including our OMB Director Jack Lew; and Gene Sperling, Bruce Reed, Chris Jennings, and of course, John Podesta.

I welcome the leaders of groups representing seniors, the disability community, and the health care industry. I would especially like to welcome the very large delegation of Members of Congress who are here today. Four of them were here at the inception of Medicare, Senator Kennedy, Congressman Dingell, Congresswoman Mink, and Congressman Conyers. This must be a particularly happy day for them.

I thank the Senators who are here, Senator Daschle, Senator Roth, Senator Kennedy, Senator Conrad, Senator Baucus, Senator Dorgan, Senator Rockefeller, and Senator Breaux.

I thank the Members of the House here. There are a large number of Democrats here, and I think virtually all the members of the leadership, Mr. Gephardt, Mr. Bonior, Congresswoman DeLauro, Mr. Frost, Congressman Rangel, Congressman Lewis. I would like to thank the Republican House Members who have come, Mr. McCrery, Mr. Whitfield, and Mr. Thomas, especially.

When Senator Breaux and Congressman Thomas issued their commission report, I said that I would do my best to build on it, that I had some concerns about it, but that I thought that there were elements in it, which deserved support and serious consideration. Their presence here today indicates that we can all raise concerns about each other's ideas without raising our voices and that if we're really committed to putting our people first, we can reach across party lines and other lines to work together.

And I am very grateful for their presence here and for the presence of all the Members of Congress here from both parties. It augers well for this announcement today and for the welfare of our Republic. [Applause] Thank you.

In just a few days we will celebrate the last Fourth of July of the 20th Century—223 of them. Our Government, our country was created based on the ideal that we are all created equal, that we should work together to do those things that we cannot do on our own, and that we would have a permanent mission to form a more perfect Union.

The people who got us started understood that each generation of Americans would be called upon to fortify and renew our Nation's most fundamental commitments, to always look to the future. I believe our generation has begin to meet that sacred duty, for at the dawn of a new century, America is clearly a nation in renewal.

Our economy is the strongest in decades, perhaps in our history. Our Nation is the world's leading force for freedom and human rights, for peace and security—with our Armed Forces showing once again in Kosovo their skill, their strength, and their courage. Our social fabric, so recently strained, is on the mend, with declining rates of welfare, crime, teen pregnancy, and drug abuse, and 90 percent of our children immunized against serious childhood diseases for the first time in our history.

Our cities, once in decline, are again vibrant with economic and cultural life. Even our rutted and congested interstate highways, thanks to the commitments of this Congress, are being radically repaired and expanded all across America—I must say, probably to the exasperation of some of our summer travelers.

This renewal is basically the consequence of the hard work of tens of millions of our fellow citizens. It is also, however, clearly the result of new ideas and good decisions made here in this city, beginning with the fiscal discipline pursued since 1993, the reduction in size of Government, and controlling spending while dramatically increasing investments in education, health care, biomedical research, the environment, and other critical areas. The vast budget deficits have been transformed into growing budget surpluses, and America is better prepared for the new century.

But we have to use this same approach of fiscal discipline plus greater investment to deal with the great challenge that we and all other advanced societies face, the aging of our Nation, and in particular, to deal with the challenge of Medicare, to strengthen and renew it.

Today I asked you here so that I could announce the details of our plan to secure and modernize Medicare for the 21st century. My plan

will use competition and the best private sector practices to secure Medicare in order to control costs and improve quality. And it will devote a significant portion of the budget surplus to keep Medicare solvent.

But securing Medicare is not enough. To modernize Medicare, my plan will also create a much better match between the benefits of modern science and the benefits offered by Medicare. It will provide for more preventive care and help our seniors afford prescription drugs. The plan is credible, sensible, and fiscally responsible. It will secure the health of Medicare while improving the health of our seniors. And we can achieve it.

The stakes are high. In the 34 years since it was created, Medicare has eased the suffering and extended the lives of tens of millions of older and disabled Americans. It has given young families the peace of mind of knowing they will not have to mortgage their homes or their children's futures to pay for the health care of their parents and grandparents. It has become so much a part of America; it is almost impossible to imagine American life without it. Yet, life without Medicare is what we actually could get unless we act soon to strengthen this vital program.

With Americans living longer, the number of Medicare beneficiaries is growing faster, much faster than the number of workers paying into the system. By the year 2015, the Medicare Trust Fund will be insolvent, just as the baby boom generation begins to retire and enter the system and eventually doubling the number of Americans who are over 65.

I've often said that this is a high-class problem. It is the result of something wonderful, the fact that we Americans are living a lot longer. All Americans are living longer, in no small measure because of better health care, much of it received through the Medicare program. President Johnson said when he signed the Medicare bill in 1965, "The benefits of this law are as varied and broad as the marvels of modern medicine itself." Yet modern medicine has changed dramatically since 1965, while Medicare has not fully kept pace.

The original Medicare law was written at a time when patients' lives were more often saved by scalpels than pharmaceuticals. Many of the drugs we now routinely use to treat heart disease, cancer, arthritis, did not even exist in 1965. Yet Medicare still does not cover prescription drugs.

Many of the procedures we now have to detect diseases early, or prevent them from occurring in the first place, did not exist in 1965. Yet Medicare has not fully adapted itself to these new procedures.

Many of the systems and organizations that the private sector uses to deliver services, contain costs, and improve quality, such as preferred provider organizations and pharmacy benefit managers, did not exist in 1965. Yet, under current law, Medicare cannot make the best use of these private sector innovations.

Over the last 6 ½ years, we have taken important steps to improve Medicare. When I took office, Medicare was scheduled to go broke this year. But we took tough actions to contain costs, first in '93 and then with a bipartisan balanced budget agreement in 1997. We have fought hard against waste, fraud, and abuse in the system, saving tens of billions of dollars.

These measures have helped to extend the life of the Trust Fund in 2015. But with the elderly population set to double in three decades, with the pace of medical science quickening, we must do more to fully secure and modernize Medicare for the 21st century.

The plan I release today secures the fiscal health of Medicare, first, by providing what every objective expert has said Medicare must have if it is to survive, more resources to shore up its solvency. As I promised in the State of the Union Address, the plan devotes 15 percent of the Federal budget, over 15 years, to Medicare—Federal budget surplus. That is the right way to use this portion of the surplus.

There are a thousand ways to spend the surplus, all of them arguably attractive, but none more important than first guaranteeing our existing obligation to secure quality health care for our seniors. First things, first. [Applause] Thank you.

In addition to these new resources, we must use the most modern and innovative means to keep Medicare spending in line while rigorously maintaining, indeed, improving quality. So the second part of the plan will bring to the traditional Medicare program the best practices from the private sector. For instance, doctors who do a superior job of caring for heart patients with complex medical conditions will be able to offer patients lower co-payments, thus attracting more patients, improving more lives, saving their patients and the system money.

Third, the plan will use the forces of competition to keep costs in line, by empowering seniors with more and better choices. Seniors can choose to save money by choosing lower cost Medicare managed care plans under our plan, without being forced out of the traditional Medicare program by larger than normal premium increases. And we will make it easier for seniors to shop for coverage based on price and quality, because all private plans that choose to participate in Medicare will have to offer the same core benefits. Consumers shouldn't be forced to compare apples and oranges when shopping for their family's health care.

Fourth, we will take action to make sure that Medicare costs do not shoot up after 2003, when most of the cost containment measures put in place in 1997 are set to expire. And to make sure that health care quality does not suffer, my plan includes, among other things, a quality assurance fund, to be used if cost containment measures threaten to erode quality. And given the debates we're having now on the consequences of the decisions we made in 1997, I think that is a very important thing to put in this plan. [Applause] Thank you.

These steps will secure Medicare for a generation. But we should also modernize benefits as well. Over the years, as I said earlier, Medicare has advanced—medical care has advanced in ways that Medicare has not. We have a duty to see that Medicare offers seniors the best and the wisest health care available.

One such rapidly advancing area of treatment is preventive screening for cancer, diabetes, osteoporosis, and other conditions, screenings which if done in time can save lives, improve the quality of life, and cut health care costs. Therefore, my plan will eliminate the deductible in all co-payments for all preventive care under Medicare. It makes no sense for Medicare to put up roadblocks to these screenings and then turn around and pick up the hospital bills that screenings might have avoided. No senior should ever have to hesitate, as many do today, to get the preventive care they need.

To help cover the cost of these and other crucial benefits and strengthen the Medicare part B program, we will ask beneficiaries to pay a small part of the cost of other lab tests that are prone to overuse, and we will index the part B deductible to inflation.

Nobody would devise a Medicare program today, if we were starting all over, without including a prescription drug benefit. There's a good reason for this: We all know that these prescription drugs both save

lives and improve the quality of life. Yet, Medicare currently lacks a drug benefit. That is a major problem for millions and millions of seniors, and not just those with low incomes. Of the 15 million Medicare beneficiaries who lack prescription drug benefits today, nearly half are middle class Americans. And with prescription drug prices rising, fewer and fewer retirees are getting drug coverage through their former employers' health programs.

My plan will offer an affordable prescription drug benefit to all Medicare recipients, with additional help to those with lower incomes, paid for largely through the cost savings I have outlined. It will cover half of all prescription drug costs, up to $5,000 a year, when fully phased in, with no deductible—all for a modest premium that will be less than half the price of the average private Medigap policy. It's simple: If you choose to pay a modest premium. Medicare will pay half of your drug prescription costs, up to $5,000. This is a drug benefit our seniors can afford at a price America can afford.

Seniors and disabled will save even more on their prescription drugs under my plan because Medicare's private contractors will get volume discounts that they could never get on their own. By relying on private sector managers, I believe that my plan will help Medicare beneficiaries and ensure that America continues to have the most innovative research and development-oriented pharmaceutical industry in the world.

With the steps I have outlined today, we can make a real difference in our people's lives. And I believe the good fortune we now enjoy obliges us to do so. In a nation bursting with prosperity, no senior should have to choose between buying food and buying medicine. But we know that happens. I'll never forget the first time I ever met two seniors on Medicare who looked at me and told me that they were choosing, every day, between food and medicine. That was almost 7 years ago, but it still happens today.

At a time of soaring surpluses, no senior should wind up in the hospital for skimping on their medication to save money. But that also happens today, in 1999. At a moment of such tremendous promise for America, no middle-aged couple should have to worry that Medicare will not be there when they retire, that a lifetime's worth of investment and savings could be swallowed up by medical bills. If we want a secure life for our people, we must commit ourselves, as a country, to secure and modernize Medicare, and to do it now.

In the months before the election season begins, we can put partisanship aside and make this a season of progress. With our economy strong, our people confident, our budget in surplus, I say again, we have not just the opportunity but a solemn responsibility to fortify and renew Medicare for the 21st century.

It's the right thing to do for our parents and our grandparents. It's the right thing to do for the children of this country. It is the right thing to do so that when we need it, the burden of our health care costs does not fall on the children and hurt their ability to raise our grandchildren.

Like every generation of Americans before us, our generation has begun to fulfill our historic obligation to strengthen our fundamental commitments and keep America a nation of permanent renewal. Just a few days before our last Independence Day of this century, let us commit again to do that with Medicare.

Thank you, and God bless you.

LETTER TO CONGRESSIONAL LEADERS ON MEDICARE REFORM—OCTOBER 19, 1999

Dear Mr. Chairman: (Dear Senator Moynihan:)

It was a pleasure to meet with you and Senator Moynihan earlier this month to discuss our mutual commitment to strengthening and modernizing Medicare. It continues to be my hope that the Congress will take action this year to, at minimum, make a down payment on needed reforms of the program. I look forward to working with you toward that end.

In 1997, the Medicare trustees projected that Medicare would become insolvent in 2001. Working together across party lines, the Congress passed and I enacted important reforms that contributed towards extending the life of the Medicare trust fund to 2015. As with any major legislation, the Balanced Budget Act (BBA) included some policies that are flawed or have had unintended consequences that are posing immediate problems to some providers and beneficiaries. In addition, the program faces the long-term demographic and health care challenges that will inevitably result as the baby-boom generation ages into Medicare. As we worked together in 1997 to address the immediate threat to Medicare, we must work together now to address its short-term and long-term challenges.

Preparing and strengthening Medicare for the next century is and will continue to be a top priority for my Administration. For this reason, I proposed a plan that makes the program more competitive and efficient, modernizes its benefits to include the provision of a long-overdue prescription drug benefit, and dedicates a portion of the surplus to help secure program solvency for at least another 10 years. However, I also share your belief that we need to take prompt action—whether in the context of broader or more limited reforms—to moderate the excessive provider payment reductions in the BBA of 1997. I believe that legislative modifications in this regard should be paid for and should not undermine the solvency of the Medicare trust fund.

You have requested a summary of the administrative actions that I plan to take to moderate the impact of the BBA. In the letter that you sent to me last Thursday, you also asked about four specific issues related to payment for hospital outpatient departments, managed care, skilled nursing facilities, and disproportionate share hospitals.

Attached is a summary of the over 25 administrative actions that my Administration is currently implementing or will take to address Medicare provider payment issues. The Department of Health and Human Services is taking virtually all the administrative actions possible under the law that have a policy justification, which will accrue to the benefit of hospitals, nursing homes, home health agencies, and other providers.

We are finishing our review of our administrative authority to address the 5.7 reduction in hospital outpatient department payments. We believe that the Congressional intent was to not impose an additional reduction in aggregate payments for hospitals and I favor a policy that achieves this goal. The enactment of clarifying language on this subject would be useful in making clear Congressional intent with regard to this issue. I have attached a letter from Office of Management and Budget Director Jack Lew, which was sent at the request of Congressman Bill Thomas, detailing how such language would be scored by OMB.

With regards to managed care, we share your commitment to expanding choice and achieving stability in the Medicare+Choice marketplace. The BBA required that payments to managed care plans be risk adjusted. To ease the transition to this system, we proposed a 5-year, gradual phase-in of the risk adjustment system. This phase-in forgoes approximately $4.5 billion in payment reductions that would have occurred if risk adjustment were fully implemented immediately. The Medicare Payment Advisory Commission and other experts support my Administration's risk adjustment plan. Consistent with this position, most policy experts believe that a further slowdown of its implementation is unwarranted. However, we remain committed to making any and all changes that improve its methodology. Moreover, as you know, any administrative and legislative changes that increase payment rates to providers in the fee-for-service program will also increase payments to managed care plans.

On the issue of skilled nursing facilities, we agree that nursing home payments for the sickest Medicare beneficiaries are not adequate. I intend to take all actions possible to address this. Administratively, we can and will use the results of a study that is about to be completed to adjust payments as soon as possible. While we believe that these payments must be budget neutral, we are continuing to review whether we have additional administrative authority in this area.

Finally, it appears that there has been confusion about the current policy for disproportionate share hospital (DSH) payments. Hospitals across a considerable number of states have misconstrued how to calculate DSH payments. The Department of Health and Human Services (HHS) has since concluded that this resulted from unclear guidance. Thus, as reported last Friday, HHS will not recoup pass overpayments and will issue new, clearer guidance as soon as possible.

We believe that our administrative actions can complement legislative modifications to refine BBA payment policies. These legislative modifications should be targeted to address unintended consequences of the BBA that can expect to adversely affect beneficiary access to quality care. I hope and expect that our work together will lay the foundation for much broader and needed reforms to address the demographic and health care challenges confronting the program. We look forward to working with you, as well as the House Ways and Means and Commerce Committees, as we jointly strive to modernize the impact of BBA on the nation's health care provider community.

Sincerely,

Bill Clinton

The Medicare program has received significant attention from the Presidents of the United States since before its inception. This selection of presidential addresses and speeches on Medicare and related matters is by no means fully comprehensive. To include every mention of the program in the official papers of the Presidents would be too voluminous. What follows, instead, is a sample of notable discussions of Medicare by the nation's chief executives from the program's creation under President Lyndon Johnson to President Clinton. The current Bush administration's major Medicare-related documents can be viewed on the White House website (See Links Outside of CMS). A number of criteria were used in the selection process:

- Major policy addresses on Medicare itself, as well as more broadly on health care policy, are included from administration to administration and offer examples of major turning points in Medicare as well as indications of the roads not taken.
- Correspondence and public remarks on the program have also been included, including less-formal discussions in press conferences. Where appropriate, documents have been excerpted to focus on the Medicare-relevant discussion.

Not surprisingly, some administrations did not discuss Medicare as often as others, particularly one-term presidencies (or less, in the case of Gerald R. Ford), but every presidential administration has left its mark on the program, as the following documents show.
The major source for these materials is the multi-volume publication The Public Papers of the Presidents. Those interested in more detailed research on the Medicare-related policies of individual administrations are encouraged to contact the relevant presidential libraries via the National Archives and Records Administration (See Links Outside CMS).